Daily Report

Central Eurasia

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CONTENTS

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CHECHEN AFFAIRS

Negotiations in Groznyy

Yeltsin Ready To Participate in Peace Negotiations *[INTERFAX]* 1
Addresses Security Council Session *[ITAR-TASS]* 1
Lobov Comments on Dudayev, Peace in Chechnya *[INTERFAX]* 1
Urges 'Comprehensive' Settlement *[INTERFAX]* 2
Grachev Refuses Comment on Lobov's Threat of Force *[Moscow ORT]* 2
Deadline Set For Chechen Arms Surrender *[ITAR-TASS]* 2
Romanov Urges Flexibility in Disarmament *[ITAR-TASS]* 3
Detachment of Dudayevites Set Up in Chiri-Yurt *[Moscow RTV]* 3
Mikhaylov Stresses Right To 'Use Force'in Interview *[ROSSIYSKIYE VESTI 30 Aug]* 3

Military Operations

Basayev's Purported Plan To Attack Moscow Revealed *[MOSKOVSKIY KOMSOMOLETS 29 Aug]* 5
Basayev: Field Commanders Hold 'Real Power' *[Munich FOCUS 28 Aug]* 5
Senior Russian Official Assassinated in Chechnya *[ITAR-TASS]* 6
North Ossetia Takes Steps Against Chechen Terrorism *[INTERFAX]* 6
Training Outside Russia for Dudayev Supporters *[INTERFAX]* 6

Politics and Nationalism

Yeltsin Issues Edict on Lobov Appointment *[INTERFAX]* 7
Daily Profiles Presidential Representative Lobov *[KOMSOMOLSKAYA PRAVDA 26 Aug]* 7
Chechen Commission Schedules Regional Elections *[INTERFAX]* 9
Election Preparations Reportedly Halted *[ITAR-TASS]* 9
Disputes Over Elections Intensify *[ITAR-TASS]* 9
Ukrainian Groups Cited on 'Situation in Chechnya' *[UNIAN]* 10
Chechen 'Southern Oil Company' Profiled *[IZVESTIYA 26 Aug]* 10

INTERREGIONAL AFFAIRS

ITAR-TASS Carries Press Review for 30 Aug 13

RUSSIA INTERNATIONAL AFFAIRS

Spokesman Calls Sarajevo Artillery Attack 'Senseless' *[ITAR-TASS]* 15
Commander Casts Doubt on Origin of Shelling *[ITAR-TASS]* 15
Official Says Yugoslav Peace Settlement 'In Danger' *[INTERFAX]* 16
Grachev Urges Balanced Attitude To All Bosnia Sides *[Moscow RTV]* 16
Grachev: Peacekeepers Should Be Allowed To Strike Back *[ITAR-TASS]* 16
Grachev on Possibility of Bosnia Troop Withdrawal *[INTERFAX]* 17
Repercussions of Possible Croatia Sanctions Detailed *[INTERFAX]* 17
Croatian 'War Crimes' in Krajina Viewed *[KRASNAYA ZVEZDA 29 Aug]* 18
Grachev Criticizes Planned French Nuclear Test *[INTERFAX]* 19
Yeltsin Expresses Support for Shevardnadze After Blast *[ITAR-TASS]* 19
DPRK Wants Payment for U.S. Soldiers' Remains *[Moscow International]* 19
Vietnam Prepared To Pay Off Debt, Resume Trade *[ITAR-TASS]* 20

RUSSIA NATIONAL AFFAIRS

Political Issues

Yeltsin Discusses Chechnya, Elections, Economy *[ITAR-TASS]* 21
Officials Comment on Issues *[INTERFAX]* 22
Yeltsin, Chernomyrdin Discuss Current Issues *[ITAR-TASS]* 22
Yeltsin Praises Signing of Treaty With Buryatia *[INTERFAX]* 22
Yeltsin Vows To Be 'President of All Russians' *[ITAR-TASS]* 23
Yeltsin To Decide on Second Term *[ITAR-TASS]* 23
Yeltsin Signs Bill on Local Self-Government *[INTERFAX]* 23
Chernomyrdin Orders Submission of Budget Draft *[ROSSIYSKAYA GAZETA 30 Aug]* 24
Council Likely To Discuss Former Yugoslavia *[INTERFAX]* 24
Inspection Says Finance Ministry Violated Laws *[INTERFAX]* 24
Ministry Briefed on Law Enforcement Training *[INTERFAX]* 25
'Power Ministers' Crack Down on Misconduct *[KOMSOMOLSKAYA PRAVDA 30 Aug]* 25
Date of Elections to Moscow City Duma Announced *[ITAR-TASS]* 25
Further Pre-Election Reportage, Commentary 26
Satarov on Center-Left Bloc *[MOSKOVSKIY KOMSOMOLETS 29 Aug]* 26
Chernomyrdin Satisfied With NDR *[INTERFAX]* 26
Communist Party Conference Held *[SOVETSKAYA ROSSIYA 29 Aug]* 27
Zyuganov Addresses Press Conference *[SOVETSKAYA ROSSIYA 29 Aug]* 28
'Power to People' Names Candidates *[ITAR-TASS]* 28
'Common Cause' Creates Bloc *[ITAR-TASS]* 29
Dogayev Case Linked to Ongoing Election Campaign *[KOMMERSANT-DAILY 29 Aug]* 29
Yavlinskiy Attacks Shakhray Statement on Bashkiria *[INTERFAX]* 30

Military Issues

Ministries Draft Peacekeeping Document *[INTERFAX]* 30
Commission Wants To Overhaul Defense Industry *[INTERFAX]* 31
Grachev on Army's National Security Capabilities *[ITAR-TASS]* 31
Grachev Promises Funds to Nizhniy Defense Sector *[SEGODNYA 29 Aug]* 31
Grachev: Proposed Defense Expenditure Insufficient *[INTERFAX]* 32
Funds for Military Training, Education Lacking *[Moscow RTV]* 32
Grachev Comments on Media Portrayal, Lobov *[Moscow NTV]* 32
Baltic Fleet Air Force Commander Views Situation *[YANTARNYY KRAY 19 Aug]* 33
Army To Be Equipped With Ka-50 Helicopters *[Moscow Radio]* 33

Federal Assembly

Legislative, Regulatory Documents 20-26 Aug *[FBIS Media Note]* 33

Regional Affairs

Chernomyrdin in Tatarstan, Speaks at Republic Day 34
Promotes 'Clear Nationalities Policy' *[INTERFAX]* 34
Pledges Aid for Joint Auto Venture *[ITAR-TASS]* 35
Chairs Cabinet Sitting; Departs *[ITAR-TASS]* 35
Kaliningrad Development Association Founded *[KALININGRADSKAYA PRAVDA 16 Aug]* 35
New Sverdlovsk Oblast Governor Interviewed *[KOMSOMOLSKAYA PRAVDA 29 Aug]* 37
Five Electoral Districts Approved for Tatarstan *[IZVESTIYA TATARSTANA 25 Aug]* 38
Tatarstan Economic Indicators Published for Jul *[RESPUBLIKA TATARSTAN 24 Aug]* 38
Siberians Open Food Market, Issue Promissory Notes *[KOMSOMOLSKAYA PRAVDA 29 Aug]* 40
Altay Farmers Lobby Zaveryukha for Aid *[SELSKAYA ZHIZN 29 Aug]* 40

Economic Issues

Revised Federal Budget Figures Published *[ROSSIYSKAYA GAZETA 25 Aug]* 41
Nationalization Seen as Sole Alternative to Bailout *[SEGODNYA 29 Aug]* 46
Central Bank Aide on Crisis Aversion, 'Blacklists' *[IZVESTIYA 29 Aug]* 46
Exchange Rate 'Band' Extension Could Backfire *[IZVESTIYA 29 Aug]* 47
State Said To Blame for Money Shortage in Economy *[IZVESTIYA 29 Aug]* 48
Government Further Tightens Monopoly Regulation *[KOMMERSANT-DAILY 29 Aug]* 49
Plans for Revenue From Privatization Described *[ROSSIYSKAYA GAZETA 25 Aug]* 50

UKRAINE

International Affairs

Foreign Ministry Delegation Holds Talks in Croatia *[INTERFAX]* 51
Kuchma Offers Kiev Meeting *[INTERFAX]* 51
Belgrade Praises Stance on Balkan Settlement *[INTERFAX]* 51
Kuchma Seeks Britain's Help To Shut Down Chernobyl *[INTELNEWS]* 51

National Affairs

Nationalists Warn of Threats Against Independence *[INTELNEWS]* 52
Vice Premier Durdinets Cites Kiev's Crimean Stance *[ROSSIYSKAYA GAZETA 26 Aug]* 52
President Kuchma Speaks on Crime, Corruption *[IMENEM ZAKONU 18 Aug]* 53

Economic Issues

Government To Create Fund for Fuel, Energy Complex *[INTELNEWS]* 56
Crimean Energy Situation Critical Facing Winter *[INTERFAX]* 57
Macroeconomic Overview of First Half of Year *[INTELNEWS]* 57

WESTERN REGION

Belarus

President Signs 'Important' Edict on Bank Merger *[Minsk Radio]* 60
Deputy Premier Pledges Reforms To Obtain IMF Credit *[Minsk TV]* 60
Aide Denies Lukashenka Russian Duma Aspirations *[ITAR-TASS]* 60

Moldova

Ukrainian Delegation Arrives For Official Meetings *[INFOTAG]* 61
Snegur To Extend Ties With Ukraine *[INTERFAX]* 61
Marchuk Offers Help in Trans-Dniester *[INTERFAX]* 61
Agreements Signed; Visit Concludes *[INTERFAX]* 62
President Snegur Reiterates PRCM Policy, Goals *[INFOTAG]* 62

CENTRAL ASIA

Kazakhstan

Nazarbayev Votes, Makes Statement on Constitution *[ITAR-TASS]* 64
Nazarbayev Interviewed on Constitutional Referendum *[INTERFAX]* 64
Further on Nazarbayev Interview *[INTERFAX]* 65

CAUCASUS

Armenia

Foreign Minister, U.S. Envoy Discuss Karabakh *[Yerevan International]* 66
Deputy Foreign Minister on Baku's Demands *[INTERFAX]* 66
President, Karabakh Leader Discuss Moscow Talks *[Yerevan International]* 66
Official Russian Delegation Arrives for Talks *[ITAR-TASS]* 66
Delegation Participants Named *[Yerevan International]* 66
Yerevan Accuses Azerbaijanis of 28 Aug Shooting *[INTERFAX]* 67
Yerevan Blames Azerbaijan for Truce Violation *[ITAR-TASS]* 67
Border Comes Under Fire From Nakhichevan *[Yerevan Radio]* 67
Bagratyan, Iranian Ambassador Criticized *[GOLOS ARMENII 19 Aug]* 67
Report Examines Pace of Privatization *[HOLOS UKRAYINY 28 Aug]* 68

Azerbaijan

Russian Border Service Head's Statements Refuted *[ZERKALO 26 Aug]* 69

Georgia

Reportage on Assassination Attempt on Shevardnadze 70
Previous Warnings Issued *[ITAR-TASS]* 70
Security Chief Reportedly Dismissed *[Moscow NTV]* 71
Shevardnadze Speaks Following Attack *[Tbilisi Radio]* 71
Shevardnadze Comments Further *[ITAR-TASS]* 71
Said Conducting Parliament Session *[INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY]* 71
Extent of Injuries Outlined *[IBERIA]* 72
Discharged From Hospital *[ITAR-TASS]* 72
To Return to Work In 'Next Few Days' *[ITAR-TASS]* 72
Troops Block All Roads *[INTERFAX]* 72
Tanks Reportedly Brought Into Tbilisi *[ITAR-TASS]* 72
Bomb Said To Be Remote Controlled *[ITAR-TASS]* 73
Suspects Arrested, Ammunition Seized *[Moscow ORT]* 73
Reportage on Reaction to Assassination Attempt 73
Prime Minister Comments *[ITAR-TASS]* 73
Deputy Speaker: No Panic *[INTERFAX]* 73
Abkhaz Minister Condemns Blast *[ITAR-TASS]* 73
Abkhaz Official: Blast 'Internal Affair' *[ITAR-TASS]* 74
Germany's Kinkel Sends Condolences *[ITAR-TASS]* 74
Government 'Sharply' Condemns Blast *[ITAR-TASS]* 74
Mkhedrioni Leader Assails Action *[INTERFAX]* 74

BALTIC STATES

Estonia

Baltics Concerned Over Changed NATO Plans *[BNS]* 76
President Meri Meets Visiting Indian Minister *[Tallinn Radio]* 76
Acting Premier Meets Visitor *[Tallinn Radio]* 77

Latvia

Finnish President Arrives for Official Visit *[BNS]* 77
EU Membership, Trade Issues Viewed *[Helsinki Radio]* 77
Finance, Security Discussed *[Riga Radio]* 78
Embassy Building Transfered to Latvia *[Riga Radio]* 78
Joint Press Conference Held *[ITAR-TASS]* 78
Foreign Ministry Comments on NATO Prospects *[BNS]* 78
Consular Issues Discussed With Russian Team *[Riga Radio]* 79

Lithuania

President, Premier Receive Polish Defense Minister *[ITAR-TASS]* 79
Cooperation at 'All-Time High' *[BNS]* 79
Slezevicius: Country Oriented Toward Joining NATO *[BNS]* 80
Landsbergis Comments on NATO Membership *[Vilnius Radio]* 80
Split Seen Emerging in Landsbergis' Party *[SEGODNYA 25 Aug]* 81
Central Bank Head Says System Not in Crisis *[BNS]* 81
Government Concerned Over Attacks on Businessmen *[BNS]* 81

Negotiations in Groznyy

Yeltsin Ready To Participate in Peace Negotiations

LD3008131895 Moscow INTERFAX in English 1309 GMT 30 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 30 (INTERFAX) — The Russian Security Council has agreed with the conclusions drawn by the Security Council's working group, which has visited Chechnya.

The working group thinks it is necessary to enlarge the number of reputable persons and organizations with which talks can be held on any level. Russian President Boris Yeltsin said he was ready to play some part in these talks, Russian Security Council Secretary Oleg Lobov said in answer to INTERFAX's question at a press conference in Moscow today.

Lobov said Dzhokhar Dudayev was left outside those who might participate in such talks. Lobov said he did not consider Shamil Basayev, who led the gunmen's raid on Budennovsk on June 14, as a political figure.

Lobov said in an answer to INTERFAX's question that his powers as the Russian president's representative in Chechnya were rather large but he was not going to "abuse them." Lobov was given the right to summon to Groznyy the heads of some departments for urgently resolving political or social problems.

When asked whether the bombardment of the Bosnian Serb positions by NATO air power had been discussed, Lobov said the problem had not been discussed in detail. Lobov quoted Yeltsin as saying that the situation in the Balkans might develop in a dangerous manner.

Lobov said Russia must prevent the development of the situation in Russia and the North Caucasus under the Yugoslav scenario.

Addresses Security Council Session

LD3008090295 Moscow ITAR-TASS World Service in Russian 0749 GMT 30 Aug 95

[By Andrey Shtorkh]

[FBIS Translated Text] Moscow, 30 Aug (ITAR-TASS) — On the agenda of today's session of the Security Council there is one issue, measures for a further settlement in the Chechen Republic, Russian Federation President Boris Yeltsin said, opening the session of the Security Council. As speakers he appointed persons "authorized by the government to settle the crisis and coordinate the actions of all federal bodies of power in Chechnya," namely First Deputy Prime Minister Oleg Soskovets; Minister of Internal Affairs Anatoliy Kulikov; Vyacheslav Mikhaylov, minister for nationalities and regional policy; and Oleg Lobov, secretary of the Security Council and recently appointed plenipotentiary representative of the president in Chechnya, who "will be the highest official in the Chechen Republic until elections are held there."

"Our main task is to determine how to continue to manage the settlement of the situation in the Chechen Republic," Yeltsin said in his brief introductory speech. "We have made the right decision — we have turned the hands of the clock to a political, peaceful settlement of the crisis. The Russian leadership adopted this position before. The use of force is not our choice, but there was simply no other way of forcing the rebels to sit down at the negotiating table."

The president assessed as positive the progress of talks with the representatives of Dzhokhar Dudayev and the work of the Russian delegation.

"The signing of the agreement on the package of military questions has made it possible to end active combat actions and start the process of disarmament in Chechnya, but that is just the first landmark on the road to a settlement," he stressed.

At the same time Yeltsin noted that "it has not proved possible to hold fast to the positions reached and a step backwards has been made," referring to the mounting provocations by the fighters and the slow progress of disarmament.

Lobov Comments on Dudayev, Peace in Chechnya

LD3008134795 Moscow INTERFAX in English 1237 GMT 30 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 30 (INTERFAX) — Russian Security Council Secretary and presidential envoy to Chechnya Oleg Lobov believes that Dudayev still has chances of playing a role in a peace settlement in Chechnya. Lobov was talking to journalists after a Security Council session in Moscow Wednesday.

Lobov agreed that there were still risks of a relapse of armed confrontation in Chechnya, though. About the exchange of prisoners of war in Chechnya Lobov said that the Russian servicemen held prisoner by Dudayev's supporters had no reason to fear persecution by the Russianauthorities.

"The one who may try to persecute Russian military servicemen taken prisoner in Chechnya will be punished", Lobov said.

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Urges 'Comprehensive' Settlement

LD2908142795 Moscow INTERFAX in English 1224 GMT 29 Aug 95

[FBIS Transcribed Text] GROZNYY, Aug 29 (INTERFAX) — Secretary of Russia's Security Council Oleg Lobov believes that the settlement of the Chechen crisis "does not depend on one person" and that "a comprehensive approach and the involvement of all of the federal government bodies must be ensured to settle the conflict in Chechnya."

He told INTERFAX shortly before his departure to Groznyy Monday that in the opinion of the Security Council's working group "the role of the federal ministries and departments and of the Chechen self-government bodies is likely to increase considerably during the next few months." This will enhance the efficiency of their work "and, most important, accelerate the economic rehabilitation and the normalization of the situation in Chechnya," he said.

Among the priority problems Lobov named housing construction in Groznyy, compensation payments for the loss of property and the creation of jobs.

Lobov and experts representing federal ministries and departments were sent to Chechnya by President Yeltsin to study the situation on the eve of the Security Council's special session scheduled for next Wednesday.

The only way out of the Chechen crisis is the surrender of weapons by the militants and preparations for the election of legitimate government bodies in accordance with world standards, Lobov believes.

He said he was dissatisfied with the implementation of the military agreements. "The public of Chechnya and the whole of Russia expected the illegal armed groupings to disarm more quickly and show more openness and sincerity," he said.

However, he welcomed the fact that Dudayev's representatives had handed the Russian commanders a disarmament timetable according to which disarmament is to be completed by the end of September.

On Tuesday afternoon Lobov returned to Moscow.

Grachev Refuses Comment on Lobov's Threat of Force

LD2908193395 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 29 Aug 95

[From the "Vremya" newscast]

[FBIS Translated Text] In one of his recent interviews Oleg Lobov said that he did not rule out a switch to the strong-arm handling of the Chechen problem if the surrender of weapons failed to become active, voluntary, and constructive. [Defense Minister] Pavel Grachev responded to this pronouncement today:

[Begin recording] [Grachev] You know, nowadays I have a more cautious attitude to such pronouncements. The Security Council will meet tomorrow. It will be chaired by Boris Nikolayevich Yeltsin, and Oleg Ivanovich Lobov will address it. I think that a more specific decision can be taken after the Security Council. My personal view is as follows: The small group of subunits of the Armed Forces proper that is in Chechnya is now concentrated in so- called base camps and is taking no part in hostilities. So it will stay on in the base camps.

In my view it is too early yet to pull out from there, naturally, because the main political issue as well as the military package of issues — which was backed so much by our negotiators — are not being solved and has not been solved in full.

Frankly I have not yet spoken with Oleg Ivanovich [Lobov] and so cannot say what he had in mind speaking about strong-arm pressure — was it the way he put it?

[Unidentified correspondent] A switch to strong-arm actions.

[Grachev] A switch to strong-arm actions? Well, I can guess what he had in mind but I cannot say it here in front of the press. [end recording]

Deadline Set For Chechen Arms Surrender

LD3008102995 Moscow ITAR-TASS in English 1009 GMT 30 Aug 95

[By Sharip Asuyev and Mikhail Shevtsov]

[FBIS Transcribed Text] GROZNYY, August 30 (ITAR-TASS) — A deadline have been set in Chechnya for voluntary surrender of weapons. Commandant of the city of Groznyy, lieutenant-general Arkadiy Baskayev declared that the weapons must be surrendered within a period of five days, beginning from September 1 until September 5. Sanctions will be taken against those who violate the order, Baskayev said.

Addressing the population, he announced that the weapons and ammunition would be accepted at four regional commandant's offices with compensation paid to the population varying from 800 to one million roubles. People who voluntarily surrender weapons will be immune from punishment, Baskayev said.

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Romanov Urges Flexibility in Disarmament

LD2908195495 Moscow ITAR-TASS in English 1755 GMT 29 Aug 95

[By Mikhail Shevtsov]

[FBIS Transcribed Text] GROZNYY, August 29 (ITAR-TASS) — The disarmament process in Chechnya should be planned with account for regional specifics, Russian top military commander in Chechnya Lieutenant-General Anatoliy Romanov said in an interview with ITAR-TASS today.

Disarmament cannot be as fast as river flow, Romanov said.

He said old mistrust between supporters and opponents of Dudayev was hindering disarmament.

Romanov cited as a telling example the Nozhay-Yurt district which is fractioned between adherents of Dudayev, the national revival government and maverick guerrilla leader Sultan Geliskhanov, a former Chechen security chief.

While the former two camps show willingness to negotiate on disarmament, Geliskhanov does not.

In this situation, Romanov said, the task of ensuring security of the Chechen population goes to federal troops.

"Supporters of both Dudayev and the national revival government think that the withdrawal of federal troops from the region is unreasonable before Geliskhanov is disarmed," Romanov said.

The Russian commander said the disarmament should proceed in a peaceful way.

"However, operations may be planned to facilitate disarmament where federal authorities and troops are resisted," Romanov said.

The Chechen Interior Ministry should be recruited to hasten the disarmament process, he said.

According to the Russian command, arms which have been so far surrendered by Chechen fighters make a paltry total of 687 pieces, including 236 submachine-guns, 11 machine-guns, 256 grenade launchers, two missile launchers and three armoured vehicles.

Of this total, 468 small arms were bought from Chechens for 108 million 39,000 roubles.

Detachment of Dudayevites Set Up in Chiri-Yurt

LD2908171395 Moscow Russian Television Network in Russian 1600 GMT 29 Aug 95

[From the "Vesti" newscast]

[FBIS Translated Text] The process of setting up self-defense detachments got off the ground in Chechnya at the same time as the disarmament of the militants began. These self-defense detachments are rather unique.

In numerous cases, in the village of Chiri-Yurt for instance, they are made up completely from Dzhokhar Dudayev's militants, who came down from the mountains and who do not conceal their past. Arms, surrendered by the selfsame militants in keeping with the disarmament agreement, are given to these detachments. It is up to the self-defense detachments themselves to decide whom to obey.

[Begin A. Suleymanov recording, assistant to the commander of the Chiri-Yurt village] The foremost task given to our detachment is this: To ensure order on the territory of the settlement and the village of Chiri-Yurt, to refuse to admit or let out people who are armed. We are subordinated to the commandant of the district. For the time being we obey Dudayev's laws. [end recording]

At the same time, administration heads are appointed in the villages. This process is also actively under way. Sometimes there are five candidates for one place. Once they have been loyal to Moscow, administration heads lose a great deal of the goodwill of their fellow clan members — but the existence of the self-defense detachments makes their work even more complicated, because the detachments duplicate the functions of the police. It is not known who they are subordinate to, nor is it understood properly whom they protect and against what.

Mikhaylov Stresses Right To 'Use Force'in Interview

MM2908184595 Moscow ROSSIYSKIYE VESTI in Russian 30 Aug 95 p 1

[Interview with Vyacheslav Mikhaylov, leader of the Russian Federation Government delegation to the Chechnya talks, by Pavel Anokhin; place and date not given: "Even Peaceful Diplomacy Can Be Decisive"]

[FBIS Translated Text] A session of the Russian Security Council which will discuss the problems of overcoming the crisis in the Chechen Republic is scheduled for today. On the eve of the session Vyacheslav

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Mikhaylov, Russian Federation minister for nationalities' affairs and regional policy and leader of Russian Federation Government delegation to the talks on a peaceful settlement to the crisis in the Chechen Republic, answered a ROSSIYSKIYE VESTI correspondent's questions.

[Anokhin] Vyacheslav Aleksandrovich, the Security Council working group's hasty trip to Groznyy, the possible appointment of Oleg Lobov — a supporter of resolute methods to overcome the Chechnya crisis — as the Russian president's full representative in Chechnya, and his statements in recent days give us reason to believe that the federal authorities' policy regarding the resolution of the Chechnya problems is getting more hard-line....

[Mikhaylov] I would like to note right away that the Security Council working group trip to Chechnya was not at all an emergency measure — it had even been delayed somewhat. The current Security Council session had been planned back at the time when negotiations were under way and the agreement signed between the sides already presupposed the participation in the session of the Russian president's representative in Chechnya.

As far as a possible change of policy as regards the resolution of the Chechnya problems is concerned, we should proceed on the basis of the government statement issued 14 August, immediately after our delegation came back from Groznyy. Having analyzed the two-week fulfillment of the agreement once it had been signed, we concluded that it was being blatantly violated and even torpedoed. Our statement said firmly that the agreement should be carried out in strict accordance with the signed documents, and that disarmament should take its course — as had been outlined. Both the disarmament plan and the statute on the special oversight commission stipulate that federal forces of law and order can use force against illegal armed formations in cases where the agreement is violated.

The agreement stipulates that the illegal armed formations should disarm as a priority. The disarming of individual citizens is stage three of the plan and, for all its positive aspects, is not actually the most important. Everyone is perfectly well aware that arms held by citizens for their own self-defense and arms held by gunmen are two different things. And things are proceeding unsatisfactorily in this area.

[Anokhin] Judging by the statement from Shamil Basayev, the "hard-liners" are continuing to arm themselves.

[Mikhaylov] Indeed, illegal arms shipments are continuing. There are many criminals who have committed major crimes to be found among the Chechen commanders and gunmen. They will go on carrying out acts of sabotage and terrorism — as was the case in Argun — until the bitter end. Corresponding methods of coercion will have to be used against them.

[Anokhin] What decisions do you think the Security Council will reach?

[Mikhaylov] I think it will assess the new situation in the Chechen Republic and make appropriate recommendations. The aim of some of them can be predicted. First and foremost, we need to achieve the fulfillment of the agreements that have been reached. We are not backtracking from them and we continue to be proponents of seeing the disarmament process proceed peacefully. But in the event of any retreat from the adopted agreements both our military command and the public — including the Committee of National Accord and the Chechen Government of National Revival — will enter into a relationship with those field commanders who support the agreement and advocate peaceful disarmament. Nonetheless, we intend above all to use every political and diplomatic method to disarm the illegal armed formations. All this, of course, is not easy, but the situation in Chechnya today is a qualitatively new one. Against the backdrop of the fact that the bulk of the population of the Chechen Republic wants peace, the process of disarming the illegal formations will meet with more widespread support from the population. In many densely populated areas, the citizens themselves are demanding that the gunmen should not prevent them from living and working normally.

Sentiments in the North Caucasus are also largely changing in favor of completely disarming the illegal armed formations.

[Anokhin] The press have often accused the federal authorities of having no clear-cut policy when it comes to solving the Chechnya problem....

[Mikhaylov] There has been a unified policy when it comes to overcoming the Chechnya situation. Its essence is to disarm the illegal armed formations and to protect citizens' rights. The fact that there has been a debate about different ways to resolve the Chechnya crisis is another matter. As you know, for a long time we employed various options for finding a peaceful political solution to the problem. Today the aim of our policy is to ensure that the conflict in the Chechen Republic is resolved by peaceful, political means. The methods have been clearly defined as well — the disarmament of the illegal armed formations, the creation of the conditions for free and democratic elections, and the continuation

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of talks, not least on the special status of the Chechen Republic within the Russian Federation.

Military Operations

Basayev's Purported Plan To Attack Moscow Revealed

MK3008080595 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 29 Aug 95 p 1

[Report by Ayder Muzhdabayev: "Shamil Basayev Wants To Bomb Moscow by Capturing an Aircraft at a Ryazan Airport(?!)"]

[FBIS Translated Text] Shamil Basayev's statement that he is fully armed and ready for new terrorist acts is being confirmed. As has become known, the capture of five border guards on the border with Dagestan on Thursday [24 August] was carried out by Basayev's gang, based in the Vedeno area. The tactic of a constant building up of terror has been chosen by this "field commander" quite deliberately.

Meanwhile, Russian special services are considering possible scenarios in the event Basayev should really want to repeat "Budennovsk" elsewhere in Russia.

At least, such a conclusion can be made based on the sensational information that your MOSKOVSKIY KOMSOMOLETS correspondent has learned from a reliable source at the Federal Security Service Ryazan Directorate.

According to one directorate officer who wished to remain anonymous, the counterintelligence service has managed to uncover a possible plan of action by the terrorists on Russian territory. The next terrorist act by Shamil Basayev's gunmen looks roughly as follows.

For a start, men answering to Basayev, who has repeatedly stated that he has chemical weapons at his disposal, will systematically transport by motor vehicles and by rail (not necessarily from Chechnya; even more likely, from other countries) containers with poisonous substances and with weapons to the territory of Central Russia (most likely, to an inconspicuous depot near Ryazan), where they will be kept quietly, without arousing any suspicions until zero hour.

Then, after the combat hardware is fully concentrated in a designated place, a few phone calls are made in the city from "well wishers," warning about pending terrorist acts. Various public places will be mentioned (markets, stores, railroad terminals, and so forth). Naturally, the greater part of military units, police, and special detachments stationed in the city will be alerted and sent out to the points indicated by the terrorists.

Meanwhile, taking advantage of the dispersal and confusion of the power services, an armed terrorist detachment aboard several trucks and tankers will arrive at one of the airports located outside the city (the Dyagilevo military airfield or, more probably, the Turlatovo civilian airport). There, the terrorists will take hostages and hijack a plane (or several planes, including a transport aircraft, where containers with the chemicals will be loaded).

The Basayevites will cover the distance between Ryazan and Moscow in minutes, drop the chemical containers on the capital, and turn back, toward Ryazan Oblast. Somewhere in the area of the Meshchera Woods, they will parachute, leaving the weapons in the aircraft, which will then safely blow up, and they will become ordinary tourists, peacefully delighting in the forest scenery. It will be no problem for experienced fighters to get out of the thick woods in small groups....

At first glance, it is hard to believe in the feasibility of such a daring and large-scale terrorist act. Indeed, Budennovsk, located in direct proximity to Chechnya, is one thing, but Ryazan, which is very near Moscow, is quite another. Upon closer examination, though, it does not seem very fantastic. First, experience shows that the element of surprise in such operations is 100-percent effective. Second, airports, even military ones, not to mention civilian ones, especially far from the "hot spots," are protected from local kids rather than from well-armed and trained terrorists.

Basayev: Field Commanders Hold 'Real Power'

AU2908140895 Munich FOCUS in German 28 Aug 95 p 226

[Interview with Chechen leader Shamil Basayev by Viktor Gerasimov; place and date not given: "Firework Display for Moscow"]

[FBIS Translated Text] [Gerasimov] You may be able to remain passive throughout the negotiations with the Russian Government, hoping that the problem will solve itself, but can President Dzhokhar Dudayev do that as well?

[Basayev] Dudayev no longer represents the entire Chechnya. The war has shown that we have a number of very sensible field commanders. It is they who determine what happens now.

[Gerasimov] Was Russian Prime Minister Chernomyrdin the first one to understand that when he talked to you?

[Basayev] We did not have any problems with him. He is a sensible man, but the talks must be held with the field commanders. The real power is in our hands.

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[Gerasimov] In whose hands?

[Basayev] In the hands of Aslan Maskhadov, Abu Mavoayev, Ruslan Gelayev, and mine.

[Gerasimov] Have you accepted the Russian-Chechen agreement that provides for the disarming of your troops and the withdrawing of the Russian troops from Chechnya?

[Basayev] No. Our troops are the only self defense we have. Disarming them is worse than running away. I will not permit that. If Russia talks to us in a language of violence, we can make another two or three Budennovsks happen.

[Gerasimov] Does that mean that you will not subordinate to Dudayev?

[Basayev] He is our head of state. But neither Dudayev nor Moscow can govern Chechnya, unless they find a common language with the field commanders. We have turned into a power. We have arms, and we have authority with the people.

[Gerasimov] How do you see Chechnya's future status?

[Basayev] Only independent. Every 50 to 70 years Russia destroys our people: in 1919, 1944, and 1995. They kill us and we keep silent. We must become a sovereign state to escape "regular" genocide.

[Gerasimov] There are allegations that the Russian secret services does not arrest you thanks to "Abkhazian merits" and that this is why you can turn up so demonstratively everywhere.

[Basayev] Are you suggesting that I am a KGB agent? I saw them operating in Abkhazia. Your (the interviewer is Russian) investigators do not control the situation at all. If they were professionals, I would not have gotten to Budennovsk. My people could even stage a fireworks display in Moscow that would not leave anything of the secret service.

Senior Russian Official Assassinated in Chechnya

LD3008143395 Moscow ITAR-TASS in English 1348 GMT 30 Aug 95

[By Sharip Asuyev and Mikhail Shevtsov]

[FBIS Transcribed Text] GROZNYY, August 30 (ITAR-TASS) — A senior Russian official was assassinated in Chechnya on Wednesday.

Petr Sotnikov, 48, director of the auto pool of the Russian territorial administration in Chechnya was attacked by four unidentified people wearing a camouflage uniform at one of the gas stations in Groznyy at around 11:00.

Witnesses said that at first the attackers demanded that Sotnikov give them the keys from his service UAZ-Lux, but when they found out that he worked for the territorial administration they fired their guns at him point blank.

Then the terrorists escaped in the UAZ and a green Zhiguli.

The public prosecutor's office of Groznyy's Zavodskoy district has instituted legal proceedings and launched an investigation.

North Ossetia Takes Steps Against Chechen Terrorism

LD2908202395 Moscow INTERFAX in English 1609 GMT 29 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 29 (INTERFAX) — Protection of key facilities in North Ossetia has been enhanced for fear of terrorist acts of Chechen militants, Prime Minister of North Ossetia, a North Caucasian constituent republic of Russia, Yuriy Biragov told INTERFAX Tuesday.

In his words, "regional borders are rather conventional, and reports given by different sources almost every day confirm the correctness of our fears."

"Most serious measures have been taken to protect the Vladikavkaz airport, the Beslan settlement. The airport is being protected by staffers of the North Ossetian Interior Ministry and units of the Russian Defence Ministry stationed in the republic," said Biragov.

The protection of hospitals, water catchment areas, power lines, sub-stations and other facilities has been enhanced as well. "Nobody wants a tragedy a la Budennovsk," stressed Biragov. A group of Chechen militants headed by terrorist Shamil Basayev took hostage over 1,000 civilians in the town of Budennovsk in mid-June. The terrorist act resulted in the death of more than 120 people.

Training Outside Russia for Dudayev Supporters

LD2908162195 Moscow INTERFAX in English 1224 GMT 29 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 29 (INTERFAX) — According to current information, supporters of Dzhokhar Dudayev have a possibility of military training in specialized camps outside Russia, a well-informed source from a Russian "power" department told INTERFAX.

According to the department, such bases exist in some East European states, Turkey and other nations where

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there are strong Chechen diasporas that render financial assistance to the regime.

There have been reports on possible existence of a certain camp for Chechens in the north of Cyprus. Russian "power" departments have revealed and closed some of the illegal channels used by militants to go to far abroad via third states. There are also legal ways for Chechen residents to leave Russia. Their further routes and goals are sometimes impossible to detect, said the department representative.

Politics and Nationalism

Yeltsin Issues Edict on Lobov Appointment

LD2908200595 Moscow INTERFAX in English 1609 GMT 29 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 29 (INTERFAX) — Russian President Boris Yeltsin approved the provision on his representative in Chechnya today, issuing a decree appointing Russian Security Council Secretary Oleg Lobov to this post, the Russian president's press service said.

Under the signed documents, the Russian president's representative in Chechnya will be vested with the powers of a Russian First Deputy Prime Minister.

The Federal Executive Power Territorial Department in Chechnya will be subordinate to the president's representative, who can also give orders to the command of the interim joint forces, which continue to implement under the military agreement the tasks on disarmament of illegal armed formations.

The president's envoy can, on instruction from the president or the prime minister, direct the activity of any delegations of the federal power in talks on settlement of the Chechen crisis.

"These and other powers are given to the president's representative in order to finally overcome the crisis in Chechnya contribute to the formation of constitutional authorities in Chechnya and to the restoration of the republic's economy and social sphere," the Russian president's press service said.

The Russian president's representative in Chechnya is to be appointed and dismissed by the Russian president.

Daily Profiles Presidential Representative Lobov

MM2908100495 Moscow KOMSOMOLSKAYA PRAVDA in Russian 26 Aug 95 pp 1, 2

[Article by Afanasiy Brynochka under the "What People Are Talking and Arguing About" rubric: "Can the Chechen Wall Be Breached by the Lobov Method? The Edict has been Signed. Yesterday He Was Appointed the President's Official Representative in Chechnya"]

[FBIS Translated Text] The name of Security Council Secretary Lobov has featured in the press again. This time it is in connection with his appointment as the president's representative in Chechnya. So it is appropriate to recall the main points from his biography.

From the KOMSOMOLSKAYA PRAVDA file. Lobov, Oleg Ivanovich. Born in Kiev in 1937. Graduated from the Rostov Institute of Rail Transport Engineers. Worked at a construction scientific research institute in Sverdlovsk from where he was taken on by B. Yeltsin as chief of the construction department of the CPSU oblast committee and became the latter's deputy. After that he followed B.N. wherever he went and when the latter became oblast committee first secretary Lobov was appointed secretary and subsequently chairman of the oblast soviet executive committee.

Like Yeltsin, Lobov may be regarded as a typical representative of the party nomenklatura who moved from party posts to posts in the leadership of free Russia as a result of the upheavals of the past decade.

It emerges from Oleg Ivanovich's biography that he is a construction worker by profession who designed the first cultural and sports complexes — old members of the Komsomol are bound to remember them. (Incidentally, he designed his own dacha near Moscow himself too).

He did not stifle initiative: During his reign, the construction of youth housing complexes in the oblast was expanded, city dwellers were allowed to have homes in the countryside, something which seemed improbable at that time, and old plants in the Urals were modernized and new brickworks were built. Under Lobov, a large Western-style supermarket was built there along with many other things. But with B.N.'s departure for Moscow the Sverdlovsk stage of Oleg Ivanovich's career soon came to a close.

From the KOMSOMOLSKAYA PRAVDA file: In 1987, thanks to B. Yeltsin's efforts, CPSU Central Committee inspector Lobov was appointed deputy chairman of the RSFSR Council Ministers. In 1989, abiding by the principle of cadre rotation, Gorbachev sent him to Armenia where his brief was to rebuild earthquake-devastated Spitak. Oleg Ivanovich soon became second secretary of the republic Communist Party's Central Committee — not without the help of his family, as they used to say (Lobov's wife is Armenian).

But Spitak was not rebuilt: The chaos in Armenia spread and massive amounts of construction materials were pilfered. But then the war in Karabakh broke out and everything else was pushed into the background. Lobov

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tried as best he could to resolve both the Spitak problem and the Karabakh problem — the results are well known but perhaps that was not his fault.

Over the past five years, there has been only one episode which has slightly clouded Oleg Ivanovich's relations with Yeltsin. This was in 1987 when the latter was out of favor and their contacts were put on ice for a while. Admittedly, he did not play any nasty tricks on his "godson" or criticize him as he did others, and when B.N. was back in the saddle again Lobov was immediately installed alongside him.

In April 1991 Lobov was appointed first deputy chairman of the Russian Council of Ministers where he served as a kind of counterbalance to Silayev and Skokov. He lost to I. Polozkov in the election to the post of first secretary of the RSFSR Communist Party Central Committee. During the days of the State Committee for the State of Emergency, he sided unconditionally with Yeltsin in the preparations to head a "shadow" government. But by fall, as an IZVESTIYA journalist figuratively put it, he was "routed like the Swede at Poltava" [Russian defeat of Sweden in 1709] — in the atmosphere of total devastation and chaos he raised the question of "the procurement of coniferous branches for livestock feed" at a government session. As a result, the first deputy chairman with his old-fashioned views and his slow and ultracautious approach, proved out of place in Gaydar's team of reformers: Not without the "help" of G. Burbulis he was dispatched to head up the semi-fictional Expert Council with a staff of three people. But soon he returned from the political wilderness again like the phoenix rising from the ashes.

From the KOMSOMOLSKAYA PRAVDA file: After Gaydar's replacement by Chernomyrdin, Lobov was appointed first vice premier and economics minister of the Russian Federation. At that time he was subjected to the most powerful close-range press scrutiny and won himself quite a few enemies even among government members. As a result, in September 1993 he was transferred from the economy to the post of secretary of the Security Council — in place of the excessively garrulous Marshal Shaposhnikov.

According to observers, the explanation for Lobov's vice premiership, which came as a surprise to many people, was that at first Yeltsin did not trust Chernomyrdin very much and wanted to have "his" man alongside him. However, our hero did not survive the skirmish with Russia's chief privatizer Chubays and the other monetarists — even under his "master's watchful eye" in the form of Luzhkov, the powerful mayor of Moscow. They say that before his appointment as Security Council secretary Lobov held out for a long time: I am a construction worker, an economic manager, and an organizer, he said, I am not a politician. Indeed, he was weak on problems of defense and security, the special services, and foreign and domestic policy. But his vast experience, the president's confidence, and a certain sixth sense which unerringly told him how not to offend B.N. [Yeltsin] proved faultless: Lobov has been head of the Security Council for almost two years now, a not inconsiderable length of time for new Russia.

Despite the journalists' gloomy forecasts, the Security Council has not become a "second politburo" under Lobov. Its members meet fairly infrequently — once every two months, God willing, and then only when disaster strikes ("Black Tuesday," Chechnya, the murder of Listyev, or Budennovsk). But this agency has not become a coordinating or forecasting organ nor one which elaborates the main tenets of the country's domestic and foreign policy. All this remained the personal prerogative of Yeltsin, who makes decisions single-handedly and then uses different methods to proclaim them.

On the other hand, Lobov is still in place at this stage in the political in-fighting even though there are quite a few people who want to abolish the Security Council entirely or scrap the post of secretary — such ideas have been put forward a number of times by Grachev, Kozyrev, and Yerin not to mention such admirers of Oleg Ivanovich's talents as Chubays and Gaydar. Our hero remains the president's trusted representative — perhaps not the closest one but the kind you can count on when necessary. At the same time B.N., clearly recalling Macchiavelli's precepts, watches with considerable interest the head to head confrontation between his eternal ward and the president's national security aide Baturin. The interesting thing is that Lobov preserves an Olympian calm in this head to head confrontation.

Like any great man Lobov has his little weaknesses. In addition to his statutory vacation he also takes breaks and a "cure" five to seven times a year for about two weeks each time. He likes official assignments to Paris. He goes bathing in Honolulu — "because of its important geopolitical significance at the present moment." He is partial to all sorts of exotic foreign emissaries — the example of Aum Shinriko has already become quite well known (although, of course, the talk that he almost became a secret member of the sect is a clear exaggeration: His sense of caution would hardly have permitted such a clash of interests).

Even when he was working at the Council of Ministers, evil tongues in Gaydar's team devised various offensive nicknames for Oleg Ivanovich. He was written off

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a number of times — either he had been dismissed or had been sent as ambassador to various civilized countries, it was claimed. But the young democrats clearly miscalculated — the majority of them were dismissed themselves long ago, including Yegor Gaydar, a man dubbed by Yeltsin "simply intelligent," whereas Lobov is still in his job. And he will continue working so long as the party nomenklatura rules the roost in Russia no matter who its patron is — the Kremlin, Russia Is Our Home, and so forth — because people like Lobov fear nothing.

Chechen Commission Schedules Regional Elections

LD2908221195 Moscow INTERFAX in English 2148 GMT 29 Aug 95

[FBIS Transcribed Text] GROZNYY, Aug 29 (INTERFAX) — Chechnya's Electoral Commission has scheduled an election to a future regional legislature for November 5 this year, commission deputy head Yakub Sobirov said Tuesday [29 August].

Half of the deputies for the 150-seat Popular Assembly, Chechnya's new parliament, are to be elected individually on a constituency basis, and the rest by party list, Sobirov told INTERFAX.

The decision to hold the poll on November 5 was made by the pro-Moscow National Accord Committee, led by Umar Avturkhanov.

Boundaries between constituencies in Chechnya are due to be established by September 5. This constituency system will also be used in December's election to the State Duma, Russia's lower house of parliament.

Some of the constituencies will lie on rebel-controlled territory — the Shatoy and Itum-Kale districts and part of the Vedeno district — and voting in those might be difficult to arrange, Sobirov said.

He said more than 10 political parties registered by the present pro-Russian Chechen government would be able to take part in the election, among them the Republican Party, led by Lecha Magomadov, the Agrarian Party, headed by Sharon Amerkhanov and the Movement of People's Militia Veterans, led by Beslan Gantemirov.

The election campaign will cost about 50 billion rubles to carry through.

As the basis for the future constituency grid, the Electoral Commission is using the statistics of January 1, 1994, according to which Chechnya has 653,000 electors, 230,000 of whom live in the regional capital Groznyy. The region's population at that time was 1,073,000.

Election Preparations Reportedly Halted

LD2908165895 Moscow ITAR-TASS in English 1612 GMT 29 Aug 95

[By Mikhail Shevtsov]

[FBIS Transcribed Text] GROZNYY, August 29 (ITAR-TASS) — The Chechen government is going to unilaterally stop the preparation for the elections which were called in Chechnya for October of this year, Khozhakhmed Yarikhanov, the leader to the Chechen delegation to the Groznyy peace talks, told ITAR-TASS today.

Yarikhanov said this was related to "cessation of the political talks by the Russian side."

With this in the background, elections may split Chechnya as they did in 1991, when the pre-election campaign made the Chechen electorate two opposed political camps, Yarikhanov said.

Disputes Over Elections Intensify

LD3008083795 Moscow ITAR-TASS in English 0722 GMT 30 Aug 95

[FBIS Transcribed Text] GROZNYY, August 30 (ITAR-TASS) — Disputes over forthcoming elections in Chechnya have intensified in recent days. Serious differences and irreconcilable positions have been demonstrated by forces of different orientation.

An electoral commission has been set up in Chechnya in accordance with a resolution passed by the Chechen Committee for national accord on July 20 and July 25, respectively. which adopted a statute on the elections of parliamentary deputies in Chechnya. Deputy chairman of the electoral commission Yakub Sabirov told ITAR-TASS that the elections had been scheduled for November 5, 1995.

The Chechen committee for national accord led by Umar Avturkhanov has announced that the Chechen parliament will consist of 150 lawmakers. According to Sabirov, the population from the majority of Chechen regions will take part in the elections. Ten political parties and movements registered by the Chechen Justice Ministry have declared that they want to participate in the elections.

Alongside preparations for the Chechen elections, the Chechen electoral committee has launched preparations for elections to the Russian State Duma scheduled on December 17, 1995. Sabirov declared that if Dudayev's supporters volunteered to take part in the elections, the Chechen electoral commission would not oppose the move. Candidates wishing to stand for the Chechen

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parliament must register two months ahead of the elections — that is, by September 5, 1995 if the elections are not delayed.

The establishment of the electoral commission aroused a negative response from supporters of Dzhokhar Dudayev, who had issued a decree appointing the elections on October 27 with a different electoral commission in charge.

Head of Dudayev's delegation to the talks in Groznyy Khozhakhmed Yarikhanov told ITAR-TASS that Dudayev's government intends to unilaterally cease preparations for the forthcoming elections in the framework of the negotiating process since the situation which developed now might lead to the split in Chechen society and a crisis similar to the situation in 1991 when two political rivaling groups were preparing for elections in Chechnya.

Yarikhanov noted that Dudayev's government intends to demand that Russia's representatives "make certain their plans about the forthcoming elections in Chechnya and the talks on a military accord". However, it is the Chechens who have to clarify their stance on the problem of disarmament of existing illegal armed formations since otherwise, the Chechen elections will be called into question.

Commenting on these problems, lieutenant-general Anatoliy Romanov, commander of joint federal troops in Chechnya, referred to the situation in the Nozhay-Yurt region which had been divided into three parts by Dudayev's supporters, the government of national revival and supporters of the former chief of the Chechen State Security Department Sultan Geliskhanov, who is not subordinate to anyone at present. Unlike Dudayev's supporters and followers of the government of national revival who are prepared to lay down arms, Gelskhanov does not intend to surrender weapons, let alone prepare for the elections.

A similar situation has developed in other Chechen regions. The only realistic way to resolve political problems and pave the way to the democratic future is to carry out the disarmament of illegal armed formations as is envisaged in the agreement on a military accord.

Ukrainian Groups Cited on 'Situation in Chechnya'

LD2908203895 Kiev UNIAN in Ukrainian 1450 GMT 29 Aug 95

[FBIS Translated Text] Lvov — "Ukrainian President Leonid Kuchma is carrying out the Russian administration's mission in Ukraine," Anatoliy Lupynis, the chairman of the Ukrainian National Assembly's [UNA] political department, said at a news conference dedicated to the "situation in Chechnya."

"Moscow will have to come to terms with the loss of Chechnya or resume the war," he said. According to Lupynis, 85 percent of Chechnya's local authorities are in the hands of Dudayev's supporters.

He predicted that the continuation of the military conflict would lead to serious cataclysms in Russia. Lupynis added that a National Assembly-National Self-Defense [UNA-UNSD] delegation from three Ukrainian regions would soon visit Groznyy. The aim of the visit was to hold talks with Dudayev's government on resolving Chechnya's economic problems.

With regard to the political situation in Ukraine, the chairman of UNA's political department noted that "one year of Ukrainian President Kuchma and his administration's political activities had demonstrated that one could not talk about Ukrainian power in Ukraine."

According to him, UNA-UNSD's current task was to overthrow this "Russian administration" of Kuchma's in the Ukrainian state.

Chechen 'Southern Oil Company' Profiled

MM2908135795 Moscow IZVESTIYA in Russian 26 Aug 95 p 4

[Report by Valeriy Yakov: "President of Swiss Firm at Chechen Oil Tap"]

[FBIS Translated Text] The forthcoming routine session of the state commission for the restoration of Chechnya's economy and social sphere there will examine and approve proposals to sell the oil extracted in the republic. Moreover, a subcommission will discuss normative documents for the exemption from customs duty of all deliveries of Chechen oil abroad. All the money obtained from selling the republic's oil will go to restore Chechnya's oil and gas complex. The owner of Chechen oil has also been identified — the specially created Southern Oil Company.

Recently the press published a report that at the forthcoming session of the state commission for the restoration of Chechnya's economy it will be decided to given one entity the right to extract, refine, and sell Chechen oil. Here the report cited the famous "Lukoil" company. But the information proved inaccurate. In actual fact it was the Southern Oil Company.

The first consignment of post-Dudayev oil — about 30,000 tonnes — was sold via Novorossiysk port to the European market in the middle of May when fighting was in full swing in the foothills. This was

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oil from old stocks kept in Groznyy reservoirs which were guarded with surprising diligence by the warring sides throughout the months of that strange war. The sale of the oil was undertaken by the totally unknown Southern Oil Company, which suddenly emerged on the now thoroughly and firmly depressed Russian oil market. Actually, its emergence was only unexpected to the ordinary citizen and the so-called broad public. The oil generals waging an invisible struggle behind the scenes for the right to dispose of Chechen oil were very well informed as to the person to whom this "gold" was finally entrusted.

The "Southern Oil Company" state unitary enterprise was created in accordance with the Chechnya government of national revival decree of 1 April this year. The company's charter fund consisted of the net assets of the enterprises and structural subdivisions forming the company and as of 1 April 1995 was set at the sum of 8 trillion rubles [R]. According to the charter approved by the Russian Federation Ministry of Fuel and Energy, the company's president was appointed to his post on a contract basis by the Russian Ministry of Fuel and Engineering upon representation from the Chechen Republic Government. Accordingly on 12 May Yuriy Shafranik, minister of fuel and energy, signed order No. 250k which appointed Ziya Bazhayev to the post of president of the Southern Oil Company.

Even if we forget that April and May were months of heavy and bloody fighting between the federal troops and Dudayev's men and the press was still asking which forces had unleashed this war and whether it was not the desire to dispose of the oil which was its prime cause, nonetheless we can understand that the creation of a new company and the choice of its leading figure were an exceptionally complex and important matter. An invitation from any oil firm already in existence would not only have given rise to rejection in Chechnya itself but would unintentionally have cast a shadow on the firm's reputation as a possible initiator of the violent actions. It was also difficult to determine the nomination for the post of president of the future company. The representative of the Russian Ministry of Fuel and Energy, even though he is a brilliant specialist, was seen in the republic as Moscow's stooge. Finding in Chechnya itself an authoritative professional who had not been drawn into the conflict in any degree and had not shown his sympathy for either warring side proved very problematic.

Today I have still not managed to find out who was the first to suggest looking Ziyadi Yusupovich Bazhayev, the 35-year-old extremely successful president of the Swiss firm "UA OIL." All that is known is that he was actively supported by Salambek Khadzhiyev from the Chechen Republic and Yuriy Shafranik from the Russian Government. Despite his youth, the Swiss businessman has proved well known in Russian oil circles where he enjoyed both authority and a certain influence — over the past few years he has engaged in the purchase of oil in Russia for the Western market. That is he is well informed about the situation regarding both Russian and West European oil business.

By nationality Ziya Bazhayev is a Chechen. After graduating from the Krasnodar polytechnic institute he worked at various enterprises first in Krasnodar and then in Groznyy. Having defended a dissertation and become a candidate of technical sciences, he eventually left to go into business, created several firms of his own, and then, finding common interests with a Swiss company, became one of its leaders. In contacts with his fellow countrymen, especially since the start of the fighting, he has been extremely cautious and has obviously avoided any political bias. Even after his nomination began to be discussed in earnest at Russian-Chechen government level, Bazhayev continued to refrain from manifesting overt political sympathies and categorical assessments of what is happening in Chechnya. Perhaps it was this diplomacy and cautious balance which most attracted powerful forces secretly playing the Caucasus card. The choice was thus made not only by Bazhayev. He was elected.

Yesterday evening in the comfortable modern office of a high-rise building on Moscow's Lenin Avenue, we met with the president of the Southern Oil Company to talk about the company's plans and his personal plans. As I had been warned, Ziya Bazhayev was exceptionally reserved and diplomatic in what he said. He manipulated figures with ease, showing an undoubted mastery of his subject, but he avoided controversial issues with virtuosity. "Something in the order of R390 billion has been earmarked from the budget for the entire program to restore Chechnya's oil complex," Bazhayev said. "By our own efforts we have fulfilled a volume of restoration work worth R12 billion. We paid a further R16 billion in wages arrears to workers. We have in our reserve 100,000 tonnes of oil to sell — that is something like R30-35 billion. The daily extraction today is 3,500-4,000 tonnes, that is up to 140 tonnes a month. But the maximum amount we can export abroad, considering existing competition, is 70,000-80,000 tonnes a month. All the rest we shall sell on the domestic market."

To the question of which criminal structures displayed interest in the new company and of whether anyone is putting pressure on its president Bazhayev replied that so far he had not encountered such manifestations. "We can hardly attract the attention of criminal structures since we are a state company which is totally controlled

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by the authorities — the Ministry of Finances, the Ministry of Fuel and Energy, and the Ministry of the Economy. From the start of our activity we introduced into operation a regime of maximum openness and after each concluded deal we give the document all the documents which have been signed."

Ziya Bazhayev did not speak of relations with Dudayev. "We have no contacts. But I have to deal a lot with the elders, with the field commanders, with representatives of the coalition government.... You cannot restrict your contacts if you intend seriously to launch a big and important business on your land. You must rely on everyone irrespective of who has been cast on which side by the war. Already over 20,000 people are working at three restored Chechen oil refineries and at oil extracting enterprises. When the complex starts to work at full capacity we shall put a further 40,000 people or so to work. If the fighting really does not start again, then by early 1996 Chechnya's oil complex will begin to provide a full return."

The president of the Southern Oil Company did not want to speak either of the mysterious Mafioso past of recent Chechen oil business. In his opinion that is a matter for the law enforcement organs and special services. And, he said, the company has other concerns — developing a new business without a criminal taint on the former ruins. The future will show what will come of what are for present-day Russian reality semi-Utopian desires and whether the Swiss businessman with a villa on the shore of Lake Geneva will have enough enthusiasm. And it will be the near future at that.

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ITAR-TASS Carries Press Review for 30 Aug

LD3008082395 Moscow ITAR-TASS in English 0504 GMT 30 Aug 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW, August 30 (Itar-Tass) — The ROSSIYSKIYE VESTI features an interview with Russian Minister for Nationality Affairs and Regional Policy Vyacheslav Mikhaylov who heads the Russian government delegation at the talks on a peaceful settlement of the Chechen crisis, dealing with a meeting of the Russian Security Council, which will discuss on Wednesday the situation in the Chechen Republic.

According to the minister, "one should judge by the government statement of August 14 about a possible change in the course of settling Chechen problems". This statement was made right after the delegation's return from Groznyy.

"On examining the two-week period of the implementation of the agreement after its signing, we drew the conclusion that it is crudely violated and even torpedoed," Mikhaylov stressed.

Turning to the disarmament of illegal armed detachments in Chechnya, Mikhaylov noted that the situation with disarmament is unsatisfactory. According to the minister's information, "illegal arms deliveries continue.

"There are quite a number of criminals among Chechen commanders and gunmen" who will continue "to make saboteur and terrorist acts up to the end, as was the case with Argun" (Eds: Argun is a suburb of Groznyy recently overun by Chechen rebels and later recaptured by federal troops).

Appropriate measures of enforcement will be applied to these people. The minister notes that the Security Council "will appraise the new situation in the Chechen republic and will take appropriate recommendations".

"It is necessary, above all, to strive for fulfilling the achieved agreements. We do not step back on them and advocate, as before, a peaceful process of disarmament. However, if there are deviations from the adopted agreements, our military command and the public, including the National Accord Committtee and the Chechen Government of National Revival, will contact those field commanders who support the agreement and who advocate a peaceful disarmament," Mikhaylov stressed in the interview entitled "Peaceful diplomacy can be resolute too".

Materials dealing with the situation in Chechnya, including those on today's Security Council meeting, are published by the KRASNAYA ZVEZDA, PRAVDA and IZVESTIYA newspapers. The analytical centre of the IZVESTIYA newspaper notes that the "reins" of the negotiating process in Chechnya will be again taken by the Russian president, following the appointment of Oleg Lobov, secretary of the powerful Security Council, to the post of the Russian president's personal representative in Chechnya.

Today's newspapers report in brief the signing of the Treaty on delimitation of powers between bodies of state authority of the Russian Federation and bodies of state authority of the Buryatia Republic by Russian President Yeltsin as well as President and Prime Minister of the Buryatia Republic Potapov.

Newspapers also report the celebration of Independence Day in Tatarstan and the visit of Russian premier Viktor Chernomyrdin to that republic.

ROSSIYSKIYE VESTI calls attention of its readers to a statement by Yeltsin at a meeting with politologists on Tuesday that "the elections of both legisators and President should be held in time, as is provided for by the Constitution".

Newspapers also single out the Russian leader's words that "a direction for Russia's further development will largely depend" on the results of the general elections.

"It is highly probable that there will be too many brass hats at the sixth State Duma (Eds: Russian parliament lower house)", claims KOMSOMOLSKAYA PRAVDA newspaper in its latest issue.

The daily draws this conclusion on the grounds that "each party and movement try to get its own general for 'the election wedding'".

"Objectively speaking, only the Rybkin bloc can offer an alternative to the present course, preserving at the same time stability of the political system," writes Adranik Migranyan, editor-in-chief of the MOYA GAZETA weekly, in its latest issue.

"Important is also the fact that Rybkin's alternative to Chernomyrdin can be accepted and supported by the President," Migranyan claims.

The PRAVDA newspaper carries an article dealing with the election compaign. The daily claims that "society rejects the present rulers" and criticises virtually all opposition movements. At the same time, in the newspaper's opinion, "the four years of life in disarranged society showed that the Russian Communist Party and the Russian Agrarian Party are the most consistent in their intentions".

Chairman of the Russian Press Committee Ivan Laptev says in an interview with the ROSSIYSKAYA

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GAZETA newspaper that it is a mistaken and short-sighted approach to make the main accent only on economic changes even at this difficult transition period, leaving overboard everything else.

Alas, many reformers do not understand (or do not want to understand?) the importance of books as intellectural capital of a nation, Laptev notes.

IZVESTIYA reports that wide-spread opinion that it is very easy in Russia to avoid taxes, will be hopelessly outdated in the near future. This will happen if a decision by federal finance departments, which has remained almost unnoticeable, is realised.

Starting from August 1, all enterprises should indicate their numbers in tax documents — INT (indentification number of taxpayer). Using data of the State Register, tax bodies intend to make analyses and stiffer and more efficient control over tax receipts from enterprises, irrespective of where they are situated, what is their business and to which budget they transfer their taxes.

KOMSOMOLSKAYA PRAVDA again returns to the division of the Black Sea Fleet. The daily claims that a high-ranking officer from the chief headquarters of the Russian navy confirmed, in a confidential interview, the existence of a secret directive on a transfer to Ukraine of several Black Sea Fleet facilities which are not subject (under the Sochi agreement) to "alienation from Russia".

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Spokesman Calls Sarajevo Artillery Attack 'Senseless'

LD2908155895 Moscow ITAR-TASS World Service in Russian 1359 GMT 29 Aug 95

[by ITAR-TASS diplomatic correspondent Valeriy Sevryukov]

[FBIS Translated Text] Moscow, 29 Aug (ITAR-TASS) — Grigoriy Karasin, director of the Russian Foreign Ministry Department of Information and Press, called the shelling of Sarajevo "A senseless and provocative act, leading to human casualties." At a briefing at the press center of the Foreign Ministry today, Karasin stressed that Russia has always advocated and still advocates conflict resolution through civilized political negotiation, not by artillery or mortar shelling and not on the battlefield.

Moscow anticipates careful and impartial investigation of all the circumstances of the tragedy by the United Nations according to intstructions issued by Secretary General Butrus Butrus-Ghali. Karasin said this incident must not be used to heighten tension or to hamper recent, increased international efforts to seek mutually acceptable political solutions for the region. The terrible events in the Bosnian capital constitute a challenge to all states of the world "to double, triple their efforts to bring a political settlement to the region."

Grigoriy Karasin noted that the tragedy in Sarajevo would undoubtedly be the focus of the "Contact Group" session meeting in Paris today. The meeting will also review the reaction of the sides involved in the conflict to the latest proposals of the international community. These discussion are based on the preparatory work of the "Contact Group;" of Carl Bildt, co-chairman of the peace conference on a settlement in Yugoslavia; and also the Russian and American proposals.

Karasin predicted increased attendance at today's session of the "Contact Group" at the political director level of the foreign policy departments. He said the meeting might be attended by Spain which is currently chairing the European Union as well as Italy and Canada.

Commander Casts Doubt on Origin of Shelling

LD2908173395 Moscow ITAR-TASS in English 1705 GMT 29 Aug 95

[By Andrey Naryshkin]

[FBIS Transcribed Text] ZAGREB, August 29 (Itar-Tass) — An official representative of the U.N. sounded blunt enough in his statement today that the blame for the shelling of Sarajevo's marketplace Markale last Monday is on Bosnian Serbs.

The Russian commander of the Sarajevo sector of the U.N. peacekeeping forces, Colonel Andrey Demurenko, was not quick to agree with that in a telephone talk with Itar-Tass.

Demurenko, a colonel of the artillery, said technical aspects of the incident left place for doubt.

He said it was quite obvious that the marketplace was hit by a 120-milimetre mortar shell which was deliberately fired on the crowded place.

However, it would be premature to draw conclusions before answers are found to several technical questions, Demurenko said.

To begin with, it is practically impossible to hit a nine metre-wide street with a mortar from the range of three-four kilometres, which is the distance between the marketplace and the nearest Serb artillery positions, Demurenko said.

He noted that the chance of a mortar shell to hit such a target is one to million.

The Serbs have no precision instrumentation which would enable them to improve shooting performance even to a normal army level which is defined as excellent if mortar shells fired from a three kilometre range hit 30 metres away from the target, Demurenko explained.

This spells that the Markale area in theory could be hit, but not at the first strike.

However, the marketplace-adjacent street was hit with the first and sole shell.

It is also of note, Demurenko said, that the U.N. artillery reconnaissance did not hear the sound of the mortar shell either at the moment when it was fired or later, when several more shells blasted in the centre of Sarajevo.

Markings of the shells have been elucidated, but this is of no practical use, for both the Serbs and the Croats have such shells.

There are substantiative reasons to believe that the mortar shells were fired from a technical device other than mortars, but would be extremely difficult to prove that, Demurenko said.

Moreover, the Moslems shelled an Orthodox church in the Serb quarter of Ilija immediately after Markale was hit, a fact which Western media for some reasons chose to overlook, Demurenko continued.

Blasts of four large Moslem shells killed one Serb and wounded more than 40

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The doubtful Colonel Demurenko said his reasoning met no backing from fellow servicemen and the U.N. command.

The Sarajevo sector headquarters General ordered a complete investigation into the incident and ballistic computations.

However, it does not appear that their results are much waited, for a political decision has been already made at a high U.N. and NATO level.

Informed sources in the Zagreb peacekeeping headquarters told Itar-Tass that punitive air strikes by the NATO air force may follow within hours.

Official Says Yugoslav Peace Settlement 'In Danger'

LD2908150495 Moscow INTERFAX in English 1224 GMT 29 Aug 95

[FBIS Transcribed Text] PARIS, Aug 29 (Interfax) — "The process of Yugoslav peace settlement is in danger," a high-ranking staffer of the Russian Foreign Ministry told Interfax Tuesday when commenting on the UN Commission's blaming Bosnian Serbs for shelling of the market in the Bosnian capital of Sarajevo.

Dozens of people were killed and wounded in the market shelling.

In his opinion, "this conclusion may prompt Special Representative of the UN Secretary-General Asushi Akashi to appeal to NATO, and NATO aviation may launch an air raid at Bosnian Serb positions."

In his turn, another high-ranking official of the Russian Foreign Ministry thinks "there will be no NATO air strikes at Bosnian Serb positions this time."

"The Americans have staked too much to involve the aviation and ruin prospects for Bosnian settlement," said the source referring to proposals on conflict settlement announced by Washington.

"Notably, Bosnian Serbs supported these proposals in contrast to Bosnian Muslims. It is also notable that the Bosnian Serb leaders disassociated themselves from the barbarian shelling of Sarajevo," said the source.

A high-ranking staffer of the Russian embassy in Paris told Interfax over the telephone Tuesday that the recent developments around Sarajevo will make very difficult a meeting of the international contact group for Bosnia (Russia, the US, Great Britain, France and Germany). The meeting at the level of political department directors from the foreign ministries will start at 6 p.m. moscow time in the French capital.

The diplomat who helped to prepare the contact group meeting with participation of the Russian President's Special Representative for Yugoslav Settlement stressed that "the provocation with Sarajevo market shelling was extremely non-advantageous for the Bosnian Serb political leaders."

"However, every war has its extremists, who are trying to prevent settlement on financial or other selfish reasons. There are extremists amongst Serbs and amongst Muslims. They seem to back the shelling of Sarajevo, deliberately done on the eve of the Paris meeting of the contact group and the Paris meeting of Assistant to the US Secretary of State Richard Holbrooke with Bosnian President Alija Izetbegovic," said the diplomat.

Grachev Urges Balanced Attitude To All Bosnia Sides

LD2908172295 Moscow Russian Television Network in Russian 1600 GMT 29 Aug 95

[From the "Vesti" newscast]

[FBIS Translated Text] Moscow regards the shelling of the Bosnian capital as yet another barbaric manifestation of the insanity of the Yugoslav tragedy. The Russian Ministry of Foreign Affairs hopes that those who organized this provocation will be named as a result of an impartial investigation.

Russian Defense Minister Pavel Grachev is also for impartiality.

[Begin Grachev recording] I would like all states to have an unequivocal attitude toward the conflict in Bosnia, or to the conflicting sides, I mean an even-handed attitude; not unequivocal, but an even-handed attitude.

Well, the point is that the Bosnian Serbs and the Muslims and the Croats are all guilty enough about what is happening and that is why it is not altogether proper to be one-sided here. [end recording]

Grachev: Peacekeepers Should Be Allowed To Strike Back

LD2908152195 Moscow ITAR-TASS in English 1314 GMT 29 Aug 95

[By Nikolay Ostanin]

[FBIS Transcribed Text] MOSCOW, August 29 (Itar-Tass) — Peacekeeping forces in the former Yugoslavia need an expansion of their mandate, Russian Defence Minister Pavel Grachev told reporters today after a meeting with veterans of the Manchuria military operation of 1945.

Grachev described the recent attacks on U.N. peacekeepers by extremists as unnormal.

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Peacekeepers sometimes are assaulted unarmed and unable to resist, much less to police peace, he said.

Grachev cited as an example the Ukrainian battalion.

According to Grachev, peacekeepers must be commissioned to use any types of arms on orders from the commander of U.N. peacekeeping operations to defend themselves from shellings and attacks.

He said peacekeepers should be allowed to "carry out active actions if one of negotiating parties does not comply with corresponding resolutions or decisions."

However, this requires reinforcement of peacekeepers with hardware and arms, Grachev said.

These statements reiterate Grachev's earlier repeated proposals to his U.S. and German counterparts.

He said the broader mandate for U.N. peacekeepers is "an issue of long-term decision making" requiring discussion.

Meanwhile, a threat is real that peacekeepers in the former Yugoslavia may be unarmed, captured and killed, Grachev said.

Grachev on Possibility of Bosnia Troop Withdrawal

LD2908181195 Moscow INTERFAX in English 1635 GMT 29 Aug 95

[Report by diplomatic correspondents Aleksander Korzun, Igor Porshnev, Yevgeniy Terekhov, and others; from the "Diplomatic Panorama" feature]

[FBIS Transcribed Excerpt] MOSCOW, Aug 29 (Interfax) — Russian Defense Minister Pavel Grachev believes that all states should have an equal attitude to the warring sides in former Yugoslavia. Grachev made this statement in Moscow Tuesday commenting on the possibility of NATO air strikes on the positions of Bosnian Serbs following their recent attack in Sarajevo. [passage omitted]

Answering an Interfax question, Grachev said the Russian leadership did not yet consider pulling out Russian peacekeepers from former Yugoslavia.

"However, if there is a decision by the U.N. Security Council to this effect, we will withdraw our units, because these troops in fact belong to the U.N.," he said.

Repercussions of Possible Croatia Sanctions Detailed

LD2908185495 Moscow INTERFAX in English 1635 GMT 29 Aug 95

[Report by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others; from the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, Aug 29 (Interfax) — Russia may lose $50 million which it expects to receive from gas export and not get a considerable amount of medicaments if economic sanctions are imposed on Croatia.

The sanctions may be imposed on the initiative of the Russian State Duma, parliament's lower chamber, which adopted a relevant law on August 12 because of Croatia's military action in Serb Krajina (the Serb-populated part of Croatia — IF).

Well-informed sources in the Russian Ministry for Foreign Economic Relations told Interfax about the possible negative repercussions of the possible embargo on trade with Croatia.

The same sources said Russia and Croatia had concluded contracts on mutual delivery of products worth a total of $180 million this year, Russian exports account for $75 million of the sum. Russia mainly exports natural gas. Russia is to supply Croatia with 900 million cubic meters of gas worth $72 million this year.

The same sources said Russia had so far delivered to Croatia 187 million cubic meters of gas. Thus, if the economic sanctions are imposed, Moscow will fail to sell to Zagreb 713 million cubic meters of gas and will lose $55 million in export revenues.

Furthermore, if the sanctions are imposed, Russia will not receive from Croatia a large quantity of high-quality medicaments (worth $7 million), that is quite undesirable for Russia which has a shortage of medicine.

Independent Russian experts said the main damage from the possible introduction of sanctions would be that it would undermine the dynamic development of Russian-Croatian trade and economic relations, which include cooperation in the area of oil refinement, construction, health care, trade in cars and machinery.

According to Russian statistics, the trade turnover between Russia and Croatia was $160 million in 1994, including $85 million in Russian export and $75 million in Croatian export. According to Croatian statistics, the bilateral trade turnover amounted to $430 million last year. According to Croatian experts, Russian export totalled $254 million and Croatian export $176 million.

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Croatian 'War Crimes' in Krajina Viewed

MM2908124695 Moscow KRASNAYA ZVEZDA in Russian 29 Aug 95 p 3

[Report by Colonel Aleksandr Oliynik: "Flags Flutter and There Is a Smell of Burning in Croatia. Our Special Correspondent Reports From Zagreb"]

[FBIS Translated Text] We approached the 322-km marker along the deserted highway between Belgrade and Zagreb. It also marks the beginning of a sector of the territory of the former Republic of Serb Krajina, now "pacified" by the Croats. Ruined shells of houses with gaping window openings, empty deserted streets, lodged unharvested fields.... Deadly silence all around, there are hardly any people to be seen, only the wind howling through the ruins. And Croatian flags flying above each desecrated Serb settlement, from each water tower.

Croatia's newspapers, radio, and television are gripped by euphoria caused by "the liberation of Croat territories from the Serb occupiers." The local press makes no secret of the fact that the military offensive ought to be consolidated on the political and diplomatic fronts. With help from the United States, Germany, and Turkey, of course. There are detailed descriptions of various projects to assimilate the Krajina lands which, judging by everything, will experience an acute shortage of work force — it is well known that more than 230,000 of the 250,000 indigenous inhabitants have abandoned the homes where their fathers and grandfathers had lived for centuries.

The "ethnic cleansing" on an unprecedentedly large scale is now the main cause of complaints by the international community against the Croatian Government. I was told at the UN forces' headquarters that the battlefields near Knin, Petrinja, and Sisak — now the sites of filtration camps for POW's — are soon to be visited by judges from the International Tribunal on Former Yugoslavia who will undertake an investigation into the circumstances of the mass flight of Krajina Serbs and their deaths.

As a matter of fact, people here doubt whether the international observers will succeed in discovering, and mainly in proving, the numerous instances of Croats' settling accounts with the refugees — they are skilled in covering up their tracks. Thus, to this day there has been no success in investigating completely the mass murders and repressions in numerous filtration camps holding Serb POW's captured during the May offensive in Western Slavonia. And the Americans are hardly likely now to submit space reconnaissance photographs to the United Nations or the International Tribunal in The Hague, as they did during the last closed session of the UN Security Council as regards the mass burials of Muslims allegedly killed by the Serbs. Otherwise U.S. Ambasador to Croatia Peter Galbraith should stand next to Tudjman, who was charged — not without grounds — with war crimes by Carl Bildt, cochairman of the international conference on former Yugoslavia. Croatia's Foreign Minister Mate Granic recently declared that the U.S. ambassador not only knew the details of Operation Storm but also applied considerable efforts to ensure its successful outcome — as did, incidentally, his fellow-American military advisers.

The "victors'" actions in Knin were described to me in Zagreb by Colonel Nikolay Ranuk who, together with four Russian UN military observers, was in Krajina's capital at the time. "For a few days the city was de facto left to be torn apart by Croatian troops," Nikolay Nikolayevich told me. "The UN forces were unable to do anything — the Sector South headquarters and all observation posts were blockaded by tanks. The Croats fired over open sights at deserted streets, homes, and state institutions, threw everyone out of their apartments, tore down and burned the Serb flags. I saw hundreds of wounded and dozens of dead civilians at the city hospital."

Regrettably, the attitude of the leadership of the UN mission to former Yugoslavia toward such instances is extremely cool. No matter how sad this may be, people here are also evidently reluctant to advertise and publicize the Croats' war crimes against Serbs in zones under UN protection. Now it is clear that this protection has failed. Furthermore, the peacekeepers themselves have suffered losses. Even the Zagreb press was forced to reluctantly admit that, for example, Danish "blue helmets" together with captured Serbs had been used as "human shields" by the Army.

But these are only words. People in Zagreb now make no secret of their scorn for men wearing the UN forces' uniform. And the most popular souvenir on sale at news kiosks is a poster showing a naked UN soldier wearing only a beret and covering a certain part of his body with a fig leaf.

Against this background it is hard to talk about our — to put it mildly — spontaneous and inconsistent policy toward Croatia. The so-called peace initiatives — the card on which the prestige of Russian diplomacy was staked — collapsed when Knin fell. By treacherously ignoring them, the Croats demonstrated to the whole world their real attitude toward Moscow and our embassy in Zagreb. After all, last spring none else but our Ambassador Leonid Kerestedzhiyants (presumably with

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the consent of and on orders from Smolensk Square) engaged in frantic activity on the conclusion of a truce between the Croats and the Krajina Serbs, even though it was already obvious at the time that the Croats preferred overt rather than secret diplomacy and would rather prepare for war than show a leaning toward peace with the Krajina Serbs. So what happened to the analysis of the situation in the country of posting? What happened to the forecast and anticipation of the situation...?

"Now it is impossible for us to work," our Counselor-Envoy in Zagreb Aleksandr Grishchenko complained in a conversation with me. "In actual fact, Russia is being unceremoniously — never mind any diplomatic tactfulness — and crudely squeezed out of the Balkans. It is sad that an example of this is being set by the Croats and those who stand behind them, who sponsor them...."

The Croats' attitude toward Russia's latest initiatives cannot be described as anything but insulting.

"You get your own home in order first," I was told during a heated discussion with a Croat journalist. "In just four days our president has achieved what your Yeltsin has been trying to achieve for a year now in the Northern Caucasus. And he did it skillfully, with very little bloodshed...."

In all fairness, I must note that such cynical appraisals of the latest events in the country are certainly not voiced by all Croats. On the contrary, many of those with whom I had an opportunity to converse noted with alarm the headlong flourishing of a monoethnic unitary Greater Croatia, and refer with sarcasm and regret to the dictatorial manners adopted by Tudjman and his closest associates.

My meeting with Slavko Dolic, an elderly Croat, near Zagreb is typical in this regard. He was carrying hay on his tractor and, on hearing Russian spoken, stopped by our car.

"Little brothers," the old man took a long time shaking each one of us by the hand. "I am an old partisan, I fought against fascism together with Marshal Tito, and now it looks as if the brown plague is once more threatening out country. We ordinary Croats yearn with all our hearts for our own country and its statehood. But what Tudjman is doing to the Serbs will cost our children dearly. The Serbs will return to their land. Not now, but in 10-20 years' time...."

Indeed: You can use force to expel from your land a family, a whole village, and ultimately to drive out an entire people in cattle trucks — our recent history offers lamentable proof of this. But it would be naive to assume that they, these people, will accept this humiliation, it would be hopeless to think that matters will remain unchanged for ever and ever.

It looks as if people in today's Croatia have forgotten the eternal truth: It is impossible to buy one people's future prosperity and happiness at the cost of another people's present suffering and blood....

Grachev Criticizes Planned French Nuclear Test

LD2908143195 Moscow INTERFAX in English 1224 GMT 29 Aug 95

[FBIS Transcribed Excerpt] MOSCOW, Aug 29 (Interfax) — Russian Defense Minister Pavel Grachev has criticized France's intention to launch nuclear tests.

"The one-sided renewal of nuclear tests will not improve the international climate," Grachev told reporters in Moscow today.

Grachev said Russia had long ago stopped to carry out nuclear tests on its own initiative.

Grachev said he believed that nuclear tests must be completely stopped. "The leading nuclear powers must urge China also to end nuclear tests," he said. [passage omitted]

Yeltsin Expresses Support for Shevardnadze After Blast

LD2908191395 Moscow ITAR-TASS World Service in Russian 1842 GMT 29 Aug 95

[By ITAR-TASS correspondent Tengiz Pachkoriya]

[FBIS Translated Text] Tbilisi, 29 Aug (ITAR-TASS) — Russia and its president have supported Georgian Head of State Eduard Shevardnadze and his policies and will continue to do so, it says in a telegram from Boris Yeltsin, which was sent today to the Georgian president in connection with the events in Tbilisi. Boris Yeltsin voiced regret over the explosion in the Georgian capital. This was announced by Petre Mamradze, chief of staff of the head of the Georgian state, as he spoke this evening in the building of the Georgian cabinet of ministers at a joint sitting of members of the republic's government; parliamentary deputies; and representatives of various sociopolitical parties and movements, organizations, and the press.

DPRK Wants Payment for U.S. Soldiers' Remains

SK3008015895 Moscow Voice of Russia World Service in Korean 1200 GMT 29 Aug 95

[FBIS Translated Text] The DPRK has recently handed over the remains of U.S. soldiers missing during the Korean War to the United States. The DPRK asks that the United States pay $3.5 million in compensation.

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Meanwhile, the DPRK noted that the issue concerning the delivery of the remains will smoothly be resolved through direct talks between Pyongyang and Washington, without Seoul's mediation. The United States, however, insists that U.S.-DPRK relations can be improved only when the DPRK hands over the remains of all the missing U.S. soldiers.

Vietnam Prepared To Pay Off Debt, Resume Trade

LD3008131795 Moscow ITAR-TASS in English 1213 GMT 30 Aug 95

[Report by Sergey Afonin]

[FBIS Transcribed Text] MOSCOW, August 30 (Itar-Tass) — "Vietnam and Russia can resume their earlier volume of trade and Vietnam is making efforts to pay its debts to Russia," Vietnamese trade representative in the Russian Federation Nguen Manh Knong told Itar-Tass today.

In the past, the share of the Soviet Union in Vietnam's foreign trade turnover reached 75 percent, and Russia's present share does not exceed 7 percent, the Vietnamese official recalled.

The break-up of the Soviet Union created great difficulties for Vietnam, but thanks to its flexible policy and "our special way we managed to pull out of the difficulties, raising Vietnam's annual foreign trade value to more than eight billion dollars and attracting such partners as Japan, ASEAN member-countries, Hong Kong, Taiwan and South Korea. Russia now ranks 15th on this list of Vietnam's foreign trade partners," Nguen Manh Knong said.

Vietnam is now really prepared to pay its debts (some 9.9 billion "transfer roubles") mainly in the form of supplies of goods, and it has already begun to do so, the Vietnamese official said.

Asked what problems Russia has created for Vietnam by raising import duties, Nguen Manh Knong said many Russian organisations have lately become unwilling to sign contracts with Vietnamese suppliers even where such supplies would repay Vietnamese debts to them.

The Vietnamese official pointed to mutually beneficial inter-regional ties as one of the practical ways of developing trade between the two countries in conditions when the former system of state orders was no longer there.

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Political Issues

Yeltsin Discusses Chechnya, Elections, Economy

LD2708123695 Moscow ITAR-TASS in English 1216 GMT 29 Aug 95

[By Andrey Shtorkh]

[FBIS Transcribed Text] MOSCOW, August 29 (ITAR-TASS) — President Boris Yeltsin today met a group of Russia's leading political scientists in the Kremlin to discuss the settlement in Chechnya, the country's preparations for the upcoming parliamentary and presidential elections, and its economic development.

In his opening address the president said the meeting in the Kremlin had originally been planned for July but "one cannot order one's heart" to behave, obviously referring to his hospitalization with a heart problem.

President Yeltsin recalled that the preceding meeting of this kind prior to the Halifax (G-7) summit in the middle of June dealt mainly with foreign political issues, but this time around the head of state asked the experts to focus on Russia's domestic politics.

Chechnya was the first such problem.

The President stressed that "Russia's stance on the Chechen problem remains unchanged — peaceful settlement on the basis of the Constitution and laws. This is the purpose of the negotiating process in Groznyy." Recalling the events in Budennovsk two months ago, Yeltsin said they "brought to light the weak points in the work of the most important state structures," and stressed that "political blackmail and criminal terrorism, particularly on such a scale, are impermissible."

The President then drew the attention of experts to the forthcoming elections to the State Duma.

He said the elections to the lower house of parliament were "a factor which will influence the situation in the country more and more." Referring to speculations about "the President's alleged desire to dissolve some and not to convene others, while extending his own term at power," Boris Yeltsin declared: "My position is clear-cut — the elections of deputies and the President must be held on time, as envisaged by the Constitution."

The President stressed that he proceeded from that assumption when problems arose in association with the promulgation of the law on elections to the State Duma and a critical situation emerged in relations between the Duma and the Government.

He said: "A new complication has now appeared: the State Duma insists on elections of the members of the Federation Council. The proposal is backed by the Federation Council. But it is at variance with the Constitution."

The President recalled that he had vetoed the law and appealed to the Constitutional Court to rule on the dispute.

As concerns the "substance" of the election campaign, Yeltsin noted that "ever more new parties and movements are joining the race, new alliances are being formed, and the political spectrum is very extensive — from ultra to ultra."

"Many will get lost along the way but not before making a lot of noise," the President said. "There is a danger that (some of them) will try to act on the voters' nerves and destabilise the situation."

Yeltsin pointed to the elections of the governor of the huge Sverdlovsk region in the Urals and said that "all must learn that election's lessons — both the political forces and the state authorities."

"The direction in which Russia will move subsequently will depend to a great extent on the outcome of the parliamentary elections," the President stressed. "This is why the main question is about how strong are the positions of the constructive forces, of those who supports democracy and a market economy," Yeltsin said.

As concerns Russia's economic development, Yeltsin said the situation in the country could not be seen as uniform, but one thing was clear: the first signs of stabilisation have become noticeable. In particular, the production slump has slowed down in the economy this year, and the growth has begun in a number of sectors, Boris Yeltsin said.

The President noted that "we have succeeded in attaining a notable quiet on the currency market, the rouble exchange rate is becoming stable, the Government and the Central Bank have established and extended the currency exchange rate band, he said.

"We now have enough strength and potential for the financial normalisation of the economy, the business community and the country as a whole have accepted the move positively and, I would say, with a sigh of relief," the head of state said.

He drew attention to the lessening of the rate of inflation and "the serious steps" that are being prepared to support domestic exports.

According to Boris Yeltsin, "all this must influence positively the prospects for the development of the economy, primarily in the field of investments."

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The meeting in the Kremlin was attended by Presidential Council members Sergey Karaganov, Otto Lacis, Andranik Migranian, Leonid Smirnyagin, Dmitriy Volkogonov and Daniil Granin.

Officials Comment on Issues

LD2908201695 Moscow INTERFAX in English 1609 GMT 29 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 29 (INTERFAX) — Russian President Boris Yeltsin will not definitely say whether he will run for president in 1996 in the near future, thinks renowned political scientist and member of the Presidential Council Andranik Migranian.

Migranian told INTERFAX this after Yeltsin's meeting with a number of experts on internal political problems in the Kremlin Tuesday.

According to Migranian, Yeltsin explained his refusal to comment on the issue by saying he needed to "deeper analyze the progress of political processes in the country and wait for the results of the elections to the State Duma" (parliament's lower house; the elections are due in December - IF).

Another participant of the meeting, Russian Public Television Director General Sergey Blagovolin, said the meeting had not focused on the situation in Chechnya, through the issue remains in the focus of public attention. "A rather reasonable and well-balanced policy is being implemented in Chechnya and the question is how to bar the extremist forces from this process," he added.

The experts told journalists that they had advised Yeltsin on how to form the Federation Council, parliament's upper chamber. In particular, Migranian and Blagovolin said the president should sign a decree to form the Federation Council of top regional leaders, if the Constitutional Court does not voice its opinion to this effect in the near future. A member of the Presidential Council, Leonid Smirnyagin, told journalists he supported electing the Federation Council.

The experts said the meeting paid much attention to the ongoing election struggle. The meeting came to the conclusion that "the future Duma should have a larger configuration so that a real basis for political accord is created in society."

The participants of the meeting remarked they had an impression that the president will not resort to any violations of the Constitution as far as the dates of both parliamentary and presidential elections are concerned. They said election blocs were being created "anyhow but not by a presidential directive," as some political scientists maintain.

The experts pointed out that "the president is thoroughly informed on the political processes underway in the country and is in good physical shape."

Yeltsin, Chernomyrdin Discuss Current Issues

LD2908113895 Moscow ITAR-TASS in English 1112 GMT 29 Aug 95

[FBIS Transcribed Text] MOSCOW, August 29 (ITAR-TASS) — Russian President Boris Yeltsin today met Prime Minister Viktor Chernomyrdin to discuss current political issues, the presidential press service informed ITAR-TASS.

The conversation centred around the situation in the Chechen republic. Yeltsin and Chernomyrdin identified ways of settling outstanding problems and arrived at a conclusion that it is necessary to convene a conference of the leaders of the North Caucasian republics in order to consider security in that region of Russia and work out preventive measures to strengthen peace and stability in the region in the future.

The two Russian leaders discussed the country's relations with other members of the Commonwealth of Independent States, in particular, versions of the division of the Black Sea Fleet between Russia and Ukraine.

Yeltsin and Chernomyrdin also dwelt on Russian-Tajik relations and the state of affairs on the Tajik-Afghan border, the presidential press service reported.

Yeltsin Praises Signing of Treaty With Buryatia

LD2908190295 Moscow INTERFAX in English 1724 GMT 29 Aug 95

[Report by Nikolay Zherebtsov and Andrey Petrovskiy; edited by Vladimir Shishlin; from the "Presidential Bulletin" feature]

[FBIS Transcribed Text] Russian President Boris Yeltsin believes that the country's regions must gradually learn to tackle their problems on their own.

Speaking at a ceremony of signing a power sharing treaty between the Russian and Buryatian authorities he emphasized that this is exactly the purpose of a reasonable power sharing. "We have jointly removed the cause of possible conflicts and created a legal framework for fruitful constructive cooperation," Yeltsin said.

The treaty signed today, Yeltsin said, gives the maximal possible autonomy to Buryatia within Russia, notably in using its unique natural resources. He expressed the hope that the document will create a favorable climate for the republic's development and improving its economy and living standards.

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Yeltsin emphasized that the mineral resources should benefit both this internal republic of Russia and the federation happy.

It will be the responsibility of both the federal and republican authorities to regulate the economic activities on the shores of Lake Baykal. The drafting and approval of legislation on Lake Baykal and long-term federal programs designed to preserve, restore and improve the ecology of the Baykal region will be the responsibility of federal authorities.

The federal authorities will bear the cost of certain vital installations in Buryatia as the draining area of Lake Baykal and finance the setting up of a Baykal ecological foundation.

The treaty was signed by Russian President Boris Yeltsin and the Buryatian President and government chairman Leonid Potapov. Earlier, on July 10, Potapov and Russian Prime Minister Viktor Chernomyrdin signed a package of five agreements on various economic activities in Buryatia, in particular prospecting for mineral resources, special conditions for economic activities in the vicinity of Lake Baykal and dealing with emergencies in Buryatia. IF Note: Buryatia is a sixth Russian internal republic to conclude a power sharing treaty with the federal authorities. Such treaties were earlier signed by Tatarstan, Kabardino-Balkaria, North Ossetia and Yakutia (Sakha).

Yeltsin Vows To Be 'President of All Russians'

LD2908144095 Moscow ITAR-TASS in English 1404 GMT 29 Aug 95

[By Andrey Shtorkh]

[FBIS Transcribed Text] MOSCOW, August 29 (ITAR-TASS) — "Boris Yeltsin told political experts at today's meeting in the Kremlin that he intended to remain "a president of all Russians" and would not use his office to demonstrate his personal political sympathies with one or another political force," Presidential Council member Andranik Migranyan said after the meeting.

Political scientist Leonid Smirnyagin said after the meeting that "Yeltsin is true to his mission: to make the process of democratisation in the country irreversible. During the meeting he reiterated that both the parliamentary and presidential elections will be held on the set dates."

Andranik Migranyan said most experts supported the head of state's view on the formation of the Federation Council of the Federal Assembly of the Russian Federation. As is known, both houses of the Federal Assembly, the State Duma and later the Federation Council, spoke in favour of electing members of the upper house of parliament but the President vetoed the law they approved and appealed to the Constitutional Court of the Russian Federation to rule on the issue.

Experts advised the President, if it takes too long for the Constitutional Court to hand down a decision on the matter, to sign a decree on the formation of the Federation Council in accordance with the Constitutional provision which calls for forming the Council of the leaders of the component entities of the Federation.

Yeltsin To Decide on Second Term

LD2908142695 Moscow ITAR-TASS World Service in Russian 1255 GMT 29 Aug 95

[By ITAR-TASS correspondent Andrey Shtorkh]

[FBIS Translated Text] Moscow, 29 Aug (ITAR-TASS) — Russian President Boris Yeltsin said today that under [no] circumstances would he announce before the State Duma elections in December whether or not he will participate in the 1996 presidential elections. Andranik Migranyan, member of the Presidential Council, told the ITAR-TASS correspondent, "Boris Nikolayevich is considering this question and will express his opinion taking account of the totality of factors of the development of the political process in Russia and even the results of the December elections." A. Migranyan said that the president does not intend to alter the principle he has repeated on several occasions: that he will not announce his candidacy before the new composition of the State Duma is elected since an early announcement of his decision would cause disorder in the election campaign.

Yeltsin Signs Bill on Local Self-Government

LD2908191495 Moscow INTERFAX in English 1724 GMT 29 Aug 95

[Report by Nikolay Zherebtsov and Andrey Petrovskiy; edited by Vladimir Shishlin; from the "Presidential Bulletin" feature]

[FBIS Transcribed Text] President Boris Yeltsin signed into law a bill on general principles of local self-government in Russia that the State Duma had passed on August 12, 1995.

Following the signing in the Kremlin of a power sharing treaty with Buryatia, Yeltsin said that he is not quite pleased with the local self-government act.

The legislation outlines the role to be played by the local self-government in implementing the power of the people principle, the legal, economic and financial guidelines of the local self-government and the guarantees,

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provided by the state, of its materialization and specifies the general principles of organizing the local self-government in Russia.

Sergey Medvedev, the Yeltsin's press secretary, told INTERFAX that, in Yeltsin's view, the law makers tend to be in a hurry in the last two months and their performance has deteriorated.

Medvedev quoted Yeltsin as saying that he has never had to use his veto right as extensively as in these two months, not because he is ambitious but because he is the guarantor of the constitution and the protector of its spirit. Yeltsin added that criticism of some legislation passed by the State Duma takes 5 to 10 pages.

Still, Yeltsin believes that the local self-government legislation is very important in that it will show to the regions that there will be no duplication or two power hierarchies.

Chernomyrdin Orders Submission of Budget Draft

MM3008134695 Moscow ROSSIYSKAYA GAZETA in Russian 30 Aug 95 p 6

[Russian Federation Government Directive No. 1149-d signed by government Chairman V. Chernomyrdin in Moscow on 18 August]

[FBIS Translated Text] 1. The draft Federal Law "On the Federal Budget for 1996" is to be submitted to the Federal Assembly State Duma.

2. Vladimir Georgiyevich Panskov is appointed the official representative of the Russian Federation during the examination of the draft Federal Law "On the Federal Budget for 1996" by the chambers of the Federal assembly.

[Signed] V. Chernomyrdin, chairman of the Russian Federation Government

Council Likely To Discuss Former Yugoslavia

LD3008124795 Moscow INTERFAX in English 1003 GMT 30 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 30 (INTERFAX) — At its Wednesday session the Russian Security Council might discuss in addition to Chechnya the situation in ex-Yugoslavia where the NATO aviation reportedly attacks the positions of Bosnian Serbs, INTERFAX was told Wednesday morning by a well-informed source in Moscow.

The NATO attacks followed the shelling of the Bosnian capital Sarajevo from the positions of Bosnian Serbs as UN experts found out. 37 persons fell victims to the attack.

In the opinion of the source the Security Council will work out Moscow's official stance to the NATO air attacks.

The source was not sure what this reaction would be.

"On the one hand, Russia is opposed to the use of force in ex-Yugoslavia in principle because practice has shown that this leads to nothing good. On the other, Moscow cannot help taking into account the opinion of the world community and other members of the contact group (USA, Britain, France and Germany) that believe that Bosnian Serbs must be strictly punished for the shelling of besieged Sarajevo where many people died," the source added.

Inspection Says Finance Ministry Violated Laws

LD2908180295 Moscow INTERFAX in English 1955 GMT 29 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 29 (INTERFAX) — The Russian Ministry of Finance violated laws, presidential instructions and government resolutions in 1993-1994, concluded the Control Department of the Presidential Administration after an inspection of the ministry. (From December 1992 through January 1994 the ministry was headed by Boris Fedorov).

The inspection revealed that the Russian budget failed to receive 1,304.1 billion rubles in 1994 alone because of the lack of the ministry's control over timely return of money enterprises received from the federal budget. The ministry also violated the procedure to form the budget revenues, which resulted in non-fulfillment of the planned targets.

The ministry is to blame for slow preparation of normative documents on free trade of bills at the stock market. This somehow slowed down the economic reform. The reform was also affected by the ministry's non-fulfillment of presidential decrees on conversion and investment programs. Enterprises failed to start the implementation of highly-efficient programs, which resulted in lesser supplies, loss of profit and budget revenues.

The ministry violated the law-established rate of tax on enterprise revenues. Instead of the 22% envisaged by the law, it applied the rate of 25%.

The Control Department noted violations in the use of foreign currency. Against the background of currency deficit, the ministry put $354.2 million and DM 48.8 million on accounts in commercial banks from July 1993 through the first quarter of 1994. The ministry even did not establish the procedure for placing foreign currency in commercial banks, says a note of the Control Department.

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Ministry Briefed on Law Enforcement Training

LD2908203395 Moscow INTERFAX in English 1609 GMT 29 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 29 (INTERFAX) — The world focuses on practical training of its police officers, while Russia put the accent on theory, head of the Russian Interior Ministry's Main Department for Personnel Igor Astapkin told a briefing at the ministry Tuesday. The briefing focused on personnel training for the law-enforcement bodies and international cooperation in this sphere.

In the words of Astapkin, the law-enforcement bodies are living through a rotation: experienced professional lawyers are being replaced with the younger generation. The vacancies that require obligatory higher education are staffed only by 42%. The vacancies requiring secondary education are staffed even less — 27.6%.

According to Astapkin, better personnel has become a huge problem for the police. This year educational establishments of the Interior system will admit 37,000 students instead of the previous number of 12,000.

A new concept for policemen training was approved by the Interior Ministry's Board in March 1995 to result in a multi-level educational system. It includes an academy, 29 higher educational establishments, 15 secondary special schools and 136 regional training centers.

The concept pays much attention to development of international cooperation in order to integrate the Russian police training system with the world and European ones, said Astapkin.

In his turn, head of the Ministry's Department for International Relations Valeriy Gorchakov told the briefing that over 170 staffers of Russian interior bodies were trained in Austria, Great Britain and the US this year. There have been several seminars with participation of foreign specialists.

Before the end of this year it is planned to hold seminars on investigation of crimes that involve explosions, hostage taking and narcotics, as well as seminars on human rights and law-enforcement activities.

'Power Ministers' Crack Down on Misconduct

MM3008112395 Moscow KOMSOMOLSKAYA PRAVDA in Russian 30 Aug 95 p 2

[Report by Viktor Sokirko: "While the 'Power Ministers' Fight for Sobriety...."]

[FBIS Translated Text] Many power ministers will be given a hearing at today's Security Council session. All the signs suggest that the conversation will be heated and will end with "on-the-record reprimands" being dealt out. There are more than enough grounds for this — there are serious breaches of the security system in the Ministry of Defense, the MVD [Ministry of Internal Affairs], the Federal Security Service, and the Federal Border Service.

However, the "power ministers" themselves know of the drawbacks and errors in their departments far better than others. Minster of Internal Affairs Anatoliy Kulikov, for example, has personally experienced the bribery and treachery of his subordinates.

Anatoliy Kulikov took the risk of driving down Russian roads in a private motor car. The general, disguised in civilian clothes, was "stung" for several hundred dollars by his subordinates — elementary extortion.

Nor does the new chief of the Lubyanka, Mikhail Barsukov, remain indifferent to the approaching Security Council Session. After reshuffling the ministry leadership, he campaigned to purge the ranks of rank-and-file officers as well. Heavy drinkers were the first to feel the brunt of the punitive measures. It is said that nowadays Lubyanka officers do not clink their glasses or raise toasts when they drink, but security officers splitting a bottle three ways are still rumbled with professional accuracy.

Another director — Andrey Nikolayev — also began his "purge" of the border guard department with devotees of Bacchus. In the first 24 hours he fired one chief of a directorate, a lieutenant general, when he noticed that the latter smelled of alcohol during working hours. Then a further three senior officers were caught by the "drugs squad." The next day the border guards secretly removed all empty bottles from their offices.

Date of Elections to Moscow City Duma Announced

LD2908201295 Moscow ITAR-TASS in English 1645 GMT 29 Aug 95

[FBIS Transcribed Text] MOSCOW, August 29 (ITAR-TASS) — Moscow Mayor Yuriy Luzhkov signed a resolution on Monday to hold elections to the Moscow City Duma on December 17, 1995, the press centre of the Moscow Mayor's Office told ITAR-TASS on Tuesday.

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Further Pre-Election Reportage, Commentary

Satarov on Center-Left Bloc

MK2908120095 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 29 Aug 95 p 2

[Unattributed interview with Georgiy Satarov, assistant to the Russian Federation president; place and date not given]

[FBIS Translated Text] [MOSKOVSKIY KOMSOMOLETS] Question of the week: What did Ivan Petrovich Rybkin lose or gain with the departure of the Federation of [Independent] Trade Unions [of Russia] (FITUR) and the [Russian] United Industrial Party (RUIP) from his left-of-center bloc?

[Satarov] If losses are to be counted, they are as follows: The center-left bloc lost approximately half a percentage of the potential vote, and at the same time lost the dead wood that exists in any heterogeneous, hastily created bloc.

But this also involves acquisitions: The bloc has acquired the possibility of working more effectively and in a more consolidated way, and therefore the possibility to get more votes than have apparently been lost.

The question to be asked is rather what those who have left have lost. Their prospects are poor. Their (the trade unions') unsuccessful attempt to team up with Zyuganov has shown that they are not seen as a welcome acquisition in the election campaign. I do not think that in the remaining time they will be able to create anything viable.

As for Shcherbakov (United Industrial Party), this is more than obvious: They will hardly get more than the Civic Union in the previous elections (in 1993). There are no reasons why they should get more, but there are reasons why they should get less. For instance, Shcherbakov is not as authoritative a figure as Volskiy (at the time, the leader of the Civic Union) and those who surrounded him in 1993.

As for FITUR, the situation is as follows: Viktor Shmakov, although he holds a leading position in FITUR, is not all of FITUR, just as the federation itself does not comprise all Russian trade unions. Many rather strong trade unions have already fled away to their electoral niches, and therefore the question is: Will Shmakov's federation be a powerful election force? I doubt it, to be frank.

Will FITUR be able to enforce the votes of all those who comprise it? It is not such a disciplined and effectively operating machine that it can be counted on. These are no longer the trade unions of 1985, but rather the trade unions of 1995: These are two very different things.

A complex political process must be taken into account: Teaming-up in the regions is most intricate, far from always coinciding with the political demarcation patterns in Moscow. This teaming up is, first of all, usually predicated on the local political situation; and second, on specific interests, including the interests of the people who want to become deputies, and they make decisions mainly on this assumption, not on what they are told from the center. That is to say, to a certain extent they are like the dog in Capek's [name as transliterated] novel, which obeys its master only when the order coincides with its wish.

Chernomyrdin Satisfied With NDR

LD2908164095 Moscow INTERFAX in English 1308 GMT 29 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 29 (INTERFAX) — Russian Prime Minister Viktor Chernomyrdin, who heads the Russia Is Our Home [NDR] movement, is "on the whole satisfied" with the work of the movement's executive bodies done to prepare for the second congress of Russia Is Our Home and the election campaign. A statement to the effect was made by the Premier Monday evening when summing up the results of a meeting with chief staffers of the movement's executive committee and the Federal Coordinating Commission for Duma Elections.

Deputy head of the movement's executive committee Vladimir Ryzhkov told INTERFAX that the meeting decided to hold the second congress of the movement on September 2 and 3.

The congress will focus on the movement program, which is still being elaborated. The delegates will discuss a federal list of their candidates to the Duma and a list of candidates to be elected in one-mandate electoral districts. In the words of Ryzhkov, when commenting on his recent Altay trip Chernomyrdin said that movement opponents in the regions are "increasingly active in their attempts to discredit the movement." He said that criticism of the Russia Is Our Home is done with verbal attacks and falsified statements in the government address.

Chernomyrdin stressed that the actions of the government and Russia Is Our Home "cannot be mixed up." In his opinion, activists and the movement staff "must more professionally work with the population."

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Communist Party Conference Held

MM3008090795 Moscow SOVETSKAYA ROSSIYA in Russian 29 Aug 95 p 1

[Report by Zhanna Kasyanenko: "Without Right to Populism; Third All-Russian Conference of the Communist Party of the Russian Federation Devoted to Preparation for the State Duma Elections Held in Moscow 26 July"]

[FBIS Translated Text] Today the need for parties and movements opposed to the regime to take part in the elections is obvious even to the most extreme radicals, to those who in 1993 considered the elections illegal and treasonable. But the Communists' activity in the Duma has shown that we cannot abandon legitimate methods of work if that can serve the country and we must not remain idle if there is the slightest opportunity of preventing destruction.

In two years the situation in the country has changed, said the conference delegates, and the existing authorities have shown their total unsoundness and refusal to engage in consolidating the economy and now we must talk of restoring the economy, which is possible only on condition that a government of people's trust exists. It will be hard.

It is no accident that Gennadiy Zyuganov in his report focused attention on what the Communists can promise the people and what they do not have the right to promise today. The party does not have the right to populism although today this is considered the norm of the election struggle. They cannot promise the people a land of milk and honey in a country where the economy is on the point of freezing.

But the party does have the right to speak and must speak about specific steps over the next year. The main thing here is to bring to power a government of popular trust, a government consisting of high-class professionals of whom there are many in the country and who can lead it out of crisis.

After a broad discussion in which Petr Romanov, Aman Tuleyev, Svetlana Goryacheva, and many representatives of the most diverse regions of Russia took part the conference adopted the CPRF [Communist Party of the Russian Federation] election program.

The second result of the conference's work was the approval of a general federal list of candidates from the party and a list of candidates for the single-seat districts and also a list of people empowered to represent the CPRF in electoral commissions of all levels.

The general federal list, which by the conference's decision, is headed by Gennadiy Zyuganov, Svetlana Goryacheva, and Aman Tuleyev, contains 270 candidates representing all regions of Russia and all strata of the population. The list of candidates for single-seat districts contains 171 people.

The conference raised the question of the presence on the CPRF lists of representatives of the Union of Communist Parties-CPSU. A statement containing a number of contentious proposals and claims was delivered by O.S. Shenin, chairman of the Union of Communist Parties-CPSU council. The majority of conference participants formed the impression that the statement was dictated by the desire to draw the Communists into debates rather than by other motives. After all, several representatives of the Union of Communist Parties-CPSU are already on the CPRF electoral lists.

The conference deemed it expedient to satisfy O.S. Shenin's request to opt out and to remove him from the list of CPRF candidates especially since, as a candidate deputy, he is one the lists of another electoral association which, obviously, explains his opting out. It was decided not to open debate on the questions raised in the statement but to transfer their discussion to the post-election period.

Whom did the party name as its candidates? They include 29 workers, 25 people involved in agriculture, 59 representatives of the laboring intelligentsia, 67 economic leaders, 82 deputies of various levels, and 69 first secretaries of CPRF oblast committees still working elsewhere. The candidates are mainly aged 40-55. There are young scientists and students. The conference decided that the party should support at the elections not only CPRF members but also those people who are nonparty members but have shown themselves to be high-quality professionals and specialists and who could be useful to the country. So the list of CPRF candidates does not include only members of that party. In the very near future the lists approved by the conference will be passed on for registration to the Central Electoral Commission.

I talk with the conference participants. How do they assess locally the Communists' potential in the forthcoming election campaign? Yuriy Burlutskiy, first secretary of the Stavropol Oblast CPRF Committee, said that human patience is already reaching its limit, that the forthcoming elections are the only opportunity of changing something in the country by normal, bloodless means. He shared his sorrowful thoughts about the bad harvest which has struck Stavropol Kray this year and said that the Russian peasant has been left with no more than rain while fuel and fertilizers have been handed over to the West. People cannot understand it and, of course, it is affecting their political sympathies.

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Yuriy Ivanovich said that the people in the Southern hinterland will hardly vote for the party of power and the "democrats" and they will only get them with the aid of falsification!

Rostov inhabitant Aleksandr Yeliseyev believes that the main task is to persuade people to go to the elections, to persuade them that nihilism, passivity, and temporizing today are unacceptable and present the greatest danger. And that is exactly how matters stand. At the city's enterprises people are oppressed by the instability, by the constant enforced leave, and in order to survive they are obliged to do whatever they can — from working in a kitchen garden to speculation. Deceived many times already, they do not believe anyone and have no hope that anything can change because of their civic will.

Yegor Kuzmich Ligachev, who took part in the conference's work, also drew attention to the psychological aspect of the forthcoming elections. Initially there was an attempt to persuade people that 'Russia Is Our Home' was all-powerful, that any election struggle was useless. Even the mass media which criticize the party of power in actual fact worked on this idea. That is far from the case," he said.

Of course, the conference assessed the Communists' real chances at the forthcoming elections. They can count on a firm 25 percent. But the election campaign is still only gathering momentum and the direction in which the forecast will change will depend on the candidates themselves.

Zyuganov Addresses Press Conference

MM3008105195 Moscow SOVETSKAYA ROSSIYA in Russian 29 Aug 95 p 1

[ITAR-TASS report: "Press Conference in State Duma"]

[FBIS Translated Text] Moscow, 28 Aug — "We are absolutely confident that we will substantially strengthen our positions and with our allies — the Agrarian Party, the 'Power to the People' bloc, and others — we shall be able to form a parliamentary majority," Gennadiy Zyuganov, leader of the Communist Party of Russia [CPRF], stated today at a press conference devoted to the results of Saturday's CPRF election conference.

After winning a parliamentary majority the Communists' program contains the formation of a government of popular trust. "In our list there are 15 professionals whom we can already put forward for such a government," the CPRF leader announced. The question of presidential candidates, he said, will be decided at a joint session of the leaders of the country's patriotic forces.

Gennadiy Zyuganov announced that the CPRF federal list, in addition to the "troyka" heading it (Gennadiy Zyuganov, Svetlana Goryacheva, and Aman Tuleyev), has been joined by SOVETSKAYA ROSSIYA Chief editor Valentin Chukin, Academician Aleksey Podberezkin, leader of the "Spiritual Legacy" organization, Yuriy Maslyukov, former chairman of the USSR State Planning Committee, and others. In the districts the Communist candidates have been divided into 20 groups each of which, Gennadiy Zyuganov said, is headed by the most authoritative people. The leaders of the regional groups of CPRF candidates include in particular Deputies Anatoliy Lukyanov, Viktor Ilyukhin, Gennadiy Seleznev, and Viktor Zorkaltsev, Federation Council member Petr Romanov, and General Valentin Varennikov. The Moscow group is headed by the director and actor Nikolay Gubenko, the Moscow region group by Pilot-Cosmonaut Svetlana Savitskaya. The Communist candidates include 33 State Duma deputies most of whom will run for single-seat districts.

In a number of positions the Communist Party has already coordinated its positions with the Agrarian Party and Nikolay Rybkin's "Power to the People" bloc, "giving" them some of the districts, Valentin Kuptsov, deputy chairman of the CPRF Central Committee, announced at the press conference. He said that the lengthy talks with the Russian Communist Workers Party and the Russian Party of Communists had failed to lead to the creation of a single bloc.

'Power to People' Names Candidates

LD2908153395 Moscow ITAR-TASS in English 1253 GMT 29 Aug 95

[By Ivan Novikov]

[FBIS Transcribed Text] MOSCOW, August 29 (ITAR-TASS) — The election bloc, headed by Former Soviet Prime Minister Nikolay Ryzhkov, announced its federal and regional candidate lists for the December State Duma elections.

Twelve names were put on the main list, including hardliner Sergey Baburin, Stanislav Terekhov, leader of the Officers' Union, the pro-Soviet wing of the Russian military, former World No 1 in chess Anatoliy Karpov, Ambassador Yuriy Kvitsinskiy and writer Valeriy Ganichev.

The Moscow regional list is headed by economist Tatyana Karyagina. It also includes former First Soviet Deputy Interior Minister Vasiliy Trushin and investigator Boris Uvarov. The Prosecutor General's Office recently removed the latter from the investigation into the murder case of Russian prominent TV journalist Vladislav Listyev.

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The 270-strong regional list includes such Russian celebrities as writer Vasiliy Belov, actor Igor Gorbachev, cosmonaut Viktor Gorbatko, former Secretary of the Soviet Communist Party Oleg Baklanov and Igor Andropov, son of former Soviet leader Yuriy Andropov.

Russia's trade unions, headed by Mikhail Shmakov, refused to affiliate themselves to the Power to People bloc. They will participate in the election independently. The bloc, however, will put up its candidates in 103 one-ticket constituencies, Ryzhkov told reporters.

Ryzhkov said the reasons were "not clear" for him why former Secretary of the Soviet Communist Party Viktor Shenin refused to join the bloc.

Ryzkov said he maintained no political contact with Mikhail Gorbachev, the first and last Soviet president. "I parted company with him long ago and forever," he said.

'Common Cause' Creates Bloc

LD3008130795 Moscow ITAR-TASS in English 1240 GMT 30 Aug 95

[By Lyudmila Aleksandrova]

[FBIS Transcribed Text] MOSCOW, August 30 (ITAR-TASS) — Another democratically-oriented electoral bloc has been created in Russia on the initiative of the "Common Cause" movement, led by Irina Khakamada. The bloc includes the "Common Cause" movement, Konstantin Turovtsev's Live Ring, the bloc of non-party members led by the well-known actor Rolan Bykov, and the Children's Organisations Fund.

A federal electoral list was adopted unanimously at its founding conference. Irina Khakamada, Rolan Bykov and Vladimir Dzhanibekov, a cosmonaut, are on the top of it.

It is planned to hold a congress of the Common Cause electoral bloc in the first decade of September.

Dogayev Case Linked to Ongoing Election Campaign

MK3008070895 Moscow KOMMERSANT-DAILY in Russian 29 Aug 95 p 2

[Report by Andrey Bagrov: "What Conclusions Can Follow From the Dogayev Case"]

[FBIS Translated Text] Yesterday the leadership of the Foreign Economic Relations Ministry [FERM] tried to work out a uniform position on the "Dogayev case," the second test that has befallen the FERM this year. The first was connected with the final abolition of export quotas, licenses, and special exporters, which deprived the ministry of its accustomed place under the sun. These two events are most closely interrelated.

The main charge leveled against Dogayev is official fraud (the issue of an export license for the export of scrap copper to a non-special exporter).

Experts believe that the value of the deal involving the declared contraband does not exceed $30,000. Moreover, it is dated 1992, when Dogayev was "merely" deputy chief of the Non-Tariff Regulation Department. Therefore, the first analogy easily suggests itself: the gold chain that was used to charge Lev Vaynberg with bribery. The official charges are apparently only the tip of the iceberg. If SEGODNYA is to be believed, Dogayev was invited to choose between custody and release on his own recognizance, but he preferred the remand center. This leads to conclusions explaining in particular the dismay of FERM leaders, and not only theirs.

The FERM's official reaction has been classic. First, attempts were made to prove the inconsistency of the charges (according to informal reports, once the ministry has managed to repulse charges leveled under the same deal). Now a check has been launched into all decisions in which Dogayev was implicated, with a view to upholding not so much Dogayev himself as his colleagues who have worked or continue to work for the FERM. This primarily involves quotas and licenses, but not only them. The FERM Tender Committee, which distributed supplies for state needs, was most active precisely when the Main Department on State Needs was in the charge of Dogayev (in 1993, Oleg Davydov was the first chairman of the Tender Committee). When the institution of state needs was virtually abolished, Dogayev became Davydov's deputy. It was no accident that Oleg Davydov, minister and deputy premier, who had to break off his vacation, first of all engaged in "rapid reaction" measures in response to the Dogayev case, rather than restructuring his own ministry in accordance with its new structure.

However, the Dogayev case could extend beyond the scope of the present FERM, because it implies two possible outcomes. It could be limited to a deal on scrap copper, and then nobody except Dogayev will be affected; but it could also turn out differently. The Dogayev case was opened in 1992, but real action on it was not taken until Mikhail Barsukov became head of the Federal Security Service. A connection is possible, if only because cases which (just as the Dogayev case) are handled by the Transport Prosecutor's Office often end up under the jurisdiction of the Federal Security Service (smuggling). If this connection really exists, it is not ruled out that given the significance of a

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crackdown on crime as an election slogan, the case will grow. It is not at all necessary to multiply the ranks of the accused. In the election race, it is enough to have compromising material against one's opponents, in order to assure success for oneself. In this event, the real targets could be Petr Aven, who in 1992 served as minister of foreign economic relations and, accordingly, had ties to ministers of the first Gaydar team, or his first deputy, Sergey Glazyev, who is now one of the most consistent critics of the government's economic policy.

Yavlinskiy Attacks Shakhray Statement on Bashkiria

LD2508192595 Moscow INTERFAX in English 1826 GMT 25 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 25 (INTERFAX) — Leader of the YABLoko public movement Grigoriy Yavlinskiy was critical of recent statements of Vice Prime Minister Sergey Shakhray addressed to Bashkiria's leadership which he blamed for financial and other kinds of support to Dzhokhar Dudayev's fighters.

Commenting on Sergey Shakhray statements in the Vek newspaper in an interview with INTERFAX Yavlinskiy noted that in the course of his May trip to Bashkiria, his meetings with electors and the republic's President Murtaza Rakhimov "he understood that the republic is doing much to preserve and to strengthen international peace."

Yavlinskiy pointed out that President Rakhimov "spoke with pain about the problems of the Federation underlining that strengthening of federalism which organically combines Russia's unconditional integrity and national peculiarities of the Federation's subjects are the major priorities in his political activity."

"As far as Sergey Shakhray's recent statements on national and religious conflicts in Bashkiria are concerned, from my point of view this is a sign of ignorance and incompetence. And in combination with statements on training of Dudayev's formations and their financing in Bashkiria Shakhray's words look more like a direct provocation," Yavlinskiy underlined.

He thinks that if Russian Vice Prime Minister, who is also leader of the Party of Russian Unity and Concord and is member of the Russia Is Our Home public movement headed by Prime Minister Viktor Chernomyrdin, "will not prove the truth of his statements with facts in his hands" then he must leave the government due "to his professional unfitness."

"If the Russian government does not find any opportunity to bar from such kinds of statements of one of the vice prime ministers then this will mean readiness of Chernomyrdin's Cabinet to share with Sergey Shakhray responsibility for the political adventurism demonstrated by him," Yavlinskiy underlined.

Military Issues

Ministries Draft Peacekeeping Document

LD2908183095 Moscow INTERFAX in English 1635 GMT 29 Aug 95

[By diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others; from the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, Aug 29 (INTERFAX) — The Russian Defense and Foreign Ministries, along with other involved departments, have drafted a document on the basic principles for Russian participation in peacekeeping operations, Russian Foreign Ministry spokesman Grigoriy Karasin told a briefing in Moscow today.

He said the problem had been discussed in the Foreign Ministry on August 25 at the meeting of the interdepartmental commission for coordinating Russia's participation in peacekeeping.

Karasin said that after the federal law on Russia giving military and civilian personnel to take part in activities meant to maintain or restore international peace and security was adopted, it became necessary to fix the "limits" and the principles of peacekeeping. He said the Defense and Foreign Ministries believe that a single document must be worked out which would explain Russia's position on peacekeeping.

Karasin repeated that at the 49th session of the U.N. General Assembly Russian President Boris Yeltsin had delivered a statement saying that Russia was ready to participate in forming the system of agreements on "forces in reserve." The forces in reserve are expected to include not only infantry battalions and rear supply units but also transport units (including air and sea transport), civil police, mobile medical units, etc., Karasin said.

Karasin said that Russia's participation in the U.N. forces in reserve would add to Russia's role as a U.N. Security Council's permanent member.

Karasin pointed out "the U.N. secretariat regarded the CIS, along with other regional organizations, as one of U.N. partners in peacekeeping."

"Since 1992, we have been intensifying Russia's involvement in conflict settlement within the CIS, perfection of the corresponding political and legal basis and peacekeeping mechanisms," Karasin said.

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Karasin said the interdepartmental commission for coordinating Russia's participation in peacekeeping activities would hold its next meeting in January 1996.

Commission Wants To Overhaul Defense Industry

LD2908210395 Moscow INTERFAX in English 1609 GMT 29 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 29 (INTERFAX) — The Russian government's daily planning commission has told the State Defense Industry Committee and the Defense Ministry to take, jointly with the Economy and Finance Ministries, urgent steps to restructure the defense industry.

The commission, whose meeting Tuesday was chaired by First Deputy Prime Minister Oleg Soskovets, wants to concentrate the development and manufacture of the most important defense systems in a few defense factories.

The commission called for stepping up the formation of financial-industrial groups, corporations and consortiums in the defense industry.

First Deputy Defense Minister Andrey Kokoshin said his ministry believes that research and development efforts should concentrate on the Topol complex for strategic rocketry, tactical complexes for the land forces, and army air force striking units. This includes putting final touches on the helicopters developed in the Kamov design board and modernization of Mi-24 helicopters. The Russian army uses about 1,000 of these.

Kokoshin explained that the Defense Ministry was unable to pay for about 100 tanks it had ordered. As little as 39.1% of the 10 trillion rubles appropriated in the 1995 national budget for purchases of new hardware has reached the ministry.

Grachev on Army's National Security Capabilities

LD2908123195 Moscow ITAR-TASS in English 1147 GMT 29 Aug 95

[By Sergey Ostanin]

[FBIS Transcribed Text] MOSCOW, August 29 (ITAR-TASS) — Russia has been able to create a military force capable of providing national security, Russian Defense Minister Pavel Grachev said on Tuesday at a meeting with Second World War veterans.

"Over the past three years, Russia has managed to create the Armed forces as an integrated organism capable of ensuring the country's national security," Grachev said.

"Russia's Armed Forced occupy the leading position in maintaining international security and represent a major factor of Russia's role and importance in the system of international relations," he said.

"Our army was has always been the bulwark of the nation, the guarantor of its stability and integrity. Its personnel honorably discharge their military and human duty and keep our country's defensive capacity up to the mark," the minister stressed.

The historic experience of the Second World War showed that "aggressors, threatening peoples, countries, and continents should be confronted by joint efforts," he said.

The international community realises the necessity of joining efforts to stop the arms race and put an end to local conflicts, according to Grachev.

"At the same time, the positive changes in the world have not yet become irreversible. We must not forget the lessons of the past war. Only a strong army and a strong navy will be able to ensure a state's security," Grachev emphasized.

Grachev Promises Funds to Nizhniy Defense Sector

MK2908143695 Moscow SEGODNYA in Russian 29 Aug 95 p 3

[Report by Vyacheslav Chebanov from Nizhniy Novgorod: "Pavel Grachev Has Arrived in Nizhniy Novgorod for a Game of Tennis. Local Defense Sector Has Seized the Occasion"]

[FBIS Translated Text] Last Saturday [26 August], prior to the opening of the "Big Cap" tennis tournament, Russian Defense Minister Pavel Grachev, who arrived in Nizhniy Novgorod to participate in the games, was invited to the local "Nitel" joint-stock company of the military-industrial complex. Due to the debt owed by its head customer, the Defense Ministry, the company's own debt has grown, bringing the company to disaster. There has been no demand for its product — sophisticated radars. To break the deadlock, the joint-stock company's management requested 5 billion rubles [R] from the minister. The sum was rejected by Pavel Grachev, although he promised to allocate R3 billion, alleging that the military department, with its R43 billion debt, is also having hard times. Moreover, the minister said that all the money available at the moment is being transferred by him to the Far East, where festivities are due to be held to mark the 50th anniversary of the end of the Second World War and the victory over militarist Japan. "I cannot come to the working people without money. They will not let me out," said Mr. Grachev.

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Meanwhile, having taken to heart the troubles of the Nizhniy Novgorod defense industry, the minister summoned from Moscow Colonel General Sitnikov, in charge of military orders in the Ministry of Defense, who arrived in Nizhniy the next day, 27 August. While Pavel Grachev was competing for the "Big Cap" of the tennis tournament, his subordinates were considering a mechanism to repay local defense sector arrears amounting to R42 billion, owed by the Ministry of Defense.

Grachev: Proposed Defense Expenditure Insufficient

LD2908184495 Moscow INTERFAX in English 1609 GMT 29 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 29 (INTERFAX) — The draft federal budget for 1996 submitted to the State Duma and specifically its defense part "unquestionably cannot entirely satisfy the country's armed forces," Russian Defense Minister Pavel Grachev told INTERFAX Tuesday.

According to earlier reports from the Finance Ministry, the draft federal budget for 1996 envisions defense expenditures of 79 trillion rubles, while this year's military spending will total 50.8 trillion rubles.

Grachev said this money was "insufficient to finance the payment of salaries, combat and reserve personnel training."

Grachev added this money was not enough even to purchase arms and finance design and research works.

At the same time, Grachev admitted that the next year's budget was "slightly better" than the current one. He said "we will be glad and happy, if the next year's budget will be fulfilled totally."

Funds for Military Training, Education Lacking

LD3008122895 Moscow Russian Television Network in Russian 1000 GMT 30 Aug 95

[Report by A. Sladkov]

[FBIS Translated Text] On the eve of the new academic year the military are complaining about the lack of funds for education and training.

Will there be enough funds to train new military specialist personnel this year? Interest in military subjects is increasing, and the number of those wishing to become officers has increase by nearly 30 per cent against last year. But will the state ensure that fliers, tank crewmen, gunners etc. get comprehensive training.

[Begin recording] [Colonel-General Valentin Yakovlev, deputy chief of personnel] Personally, I believe it will not be able to ensure this. Every measure is being taken to somehow skimp and save to stay within the amount we are getting. Large-scale military exercises are being cut down, training is only being provided on the tactical level, including personal training for soldiers, sergeants, warrant officers and officers, and teamwork and cooperation between them. But it looks as though even for this we will not receive enough funds.

Measures are being taken to cut down to some extent on the emergency supplies, which means we are also beginning to draw from there too. [end recording]

At present there are 17 military academies in Russia, plus one university, four institutes, and 72 service schools. Over 25,000 officers have already been trained in various specialties this year. For all its unwieldiness, the Russian system of military personnel training remains, in the view of Col. Gen. Yakovlev, the most efficient in the world. Officers from 19 foreign countries are receiving further professional training in this country.

Grachev Comments on Media Portrayal, Lobov

LD2908194595 Moscow NTV in Russian 1800 GMT 29 Aug 95

[FBIS Translated Excerpt] [passage omitted] It would be no exaggeration to say that Pavel Grachev was the main personage at the ceremony in the Central Army Club — for reporters, at least. The minister was very ready to talk to journalists and, as many observed, was in good form. Grachev has not long returned from a holiday in Sochi.

[Begin Grachev recording] [laughter] Only recently KOMSOMOLSKAYA PRAVDA, a newspaper I have a high respect for, drew a cartoon of me bathing somewhere in Greece, wearing my army cap, with tents or something visible through the water. And what did they write but: There you are, you see, whilst the ranks are fighting in Chechnya and so forth, the generals are living it up in Greece — with me in the lead, according to the cartoon.

I declare quite officially here that it's all lies, and I really don't understand who it's all intended for. I've never been to Greece even on an official visit, let alone on a private trip! And this last holiday was only the third time in my life I'd been to the seaside. [end recording]

Pavel Grachev deftly evaded questions about Oleg Lobov's activities in Chechnya, and suggested waiting until the next day.

[Begin Grachev recording] [video shows Grachev leaving building] Ladies and gentlemen, the Security Council will meet tomorrow, chaired by Boris Nikolayevich

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Yeltsin. This question will be examined there, and after the sitting you will doubtless get exhaustive information. [speaks to man in crowd] Hmm, a very pretty young lady you've got there, well done! [laughter] Thanks very much, goodbye. [end recording]

Baltic Fleet Air Force Commander Views Situation

WS2908140895 Kaliningrad YANTARNYY KRAY in Russian 19 Aug 95 p 1

[Report by V. Kostomarov: "Aviators Know How To Fly, and They Want To Fly" — first paragraph is YANTARNYY KRAY introduction]

[FBIS Translated Text] On the eve of Air Fleet Day, Vasiliy Proskurnin, commander of the Baltic Fleet Air Force, held a news conference where he spoke about the airmen's participation in the celebrations of Air Fleet Day.

In the commander's words, the Air Force is making its presence visible; recently, relations were strengthened among aviators of different departments of the Kaliningrad Special District, including the Border Troops. Nevertheless, V. Proskurnin did not conceal the fact that it was extremely difficult to fly due to the shortage of aviation fuel. In the first six months of 1995, the number of flights comprised only 50 percent of the required amount.

Probably, the most interesting piece of news, heard by journalists at the news conference, related to the aircraft-repair plant in the settlement of Lyublino. First, Vasiliy Proskurnin refuted the gossip that the enterprise could allegedly repair only planes. In his words, the plant could easily also repair helicopters. Secondly, V. Proskurnin informed the audience that the issue of the military plant's ownership is being examined. It is not excluded that already in the immediate future the plant will be handed over to the Baltic Fleet Air Force.

The news conference also discussed how the events resulting from the break-up of the Soviet Union influenced the organizational and staff structure of the Baltic Fleet. In the words of the Air Force commander, the airfields that remained on Kaliningrad Oblast's territory (the following were named: Chkalovsk, Khrabrovo, Chernyakhovsk, Donskoye, and Nivenskoye) allow the fulfillment of established tasks. Also, units and subunits have overcome the crisis when flocks of young officers, who were graduates of military colleges, were writing resignation letters to quit the Armed Forces. Currently, for instance, the flying personnel of air units are at full strength.

Most questions asked of the commander related to the situation at the Kosa air garrison near Baltiysk. As V. Proskurnin told the reporters, the garrison's fate had not yet been decided. He did not rule out the possibility that aviators who served in the Separate Antisubmarine Squadron would continue their service in the Border Troops. In any case, the "issue is being examined."

Everyday issues were also raised. V. Proskurnin deemed the issue of providing housing for aviators as the primary problem. Currently, some 716 families do not have homes, and the most critical situation is in the settlement of Donskoye.

Still, I would like to repeat, the Air Force is making its presence visible. The Air Force lieutenant general concluded that this year Air Fleet Day would be observed in our oblast in an interesting way — as never before.

Army To Be Equipped With Ka-50 Helicopters

LD2908193695 Moscow Radiostantsiya Ekho Moskvy in Russian 1800 GMT 29 Aug 95

[FBIS Translated Text] Russian President Boris Yeltsin has signed an edict to the effect that the Russian Army will now be equipped with the Ka-50 helicopters, known as Black Shark.

Federal Assembly

Legislative, Regulatory Documents 20-26 Aug

95p50165

[FBIS Media Note] The following is a listing of Russian legislation recently published in the press of the Russian Federation compiled by FBIS. Numbers within parentheses indicate approximate wordage. Entries followed by the notation "Text" have been translated into English and are available in FBIS publications.

SECTION I: ECONOMIC LEGISLATION (EXPORT-IMPORT, BANKING, PRIVATIZATION, AUCTIONS, REGIONAL DEVELOPMENT)

Chernomyrdin-Signed 31 July Government Decree No. 761 On Measures To Fulfill Presidential Edicts, Government Decrees On Support For Kabardino-Balkaria Socio-Economic Development In 1995-2000. (Moscow ROSSIYSKAYA GAZETA in Russian 25 Aug 95 p 5) (1200)

Government 10 August Decree No. 812 On General Conditions Governing Issue Of State Savings Loan Bonds, Plus Text Of Said Conditions. (Moscow ROSSIYSKAYA GAZETA in Russian 25 Aug 95 p 4) (450/600) (Text)

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Chernomyrdin-Signed 11 August Government Decree No. 803 On Measures Of Financial Support For 'Sakhalinmorsef tegaz' Joint-Stock Company In Eliminating Aftermath Of Earthquake. (Moscow ROSSIYSKAYA GAZETA in Russian 24 Aug 95 p 6) (1000)

Chernomyrdin-Signed 11 August Directive No. 1132-d On Enlistment Of German Credit To Fund Purchases Of Equipment For Petersburg Children's Hospital And Other Medical Establishments In The City, Plus Commentary By Deputy Chairman Of City Hall's Public Health Committee. (Moscow ROSSIYSKAYA GAZETA in Russian 24 Aug 95 p 6) (500)

Government 11 August Directive No. 1136 Approving Fuel And Energy Ministry Proposal For Creation Of Moscow International Oil Club To Promote Oil, Gas Industry Cooperation. (Moscow ROSSIYSKAYA GAZETA in Russian 25 Aug 95 p 6) (200)

Yeltsin-Signed 17 August RF Federal Law 147-fl 'On Natural Monopolies.' (Moscow ROSSIYSKAYA GAZETA in Russian 24 Aug 95 pp 4-5) (5,500) (Text) -Yeltsin-Signed 22 August Federal Law No. 150 On Amendments To 1995 Budget, Plus Appendixes Giving New Figures. (Moscow ROSSIYSKAYA GAZETA in Russian 25 Aug 95 p 4) (300/2000) (Text)

Draft Federal Law On Joint-Stock Companies, Which Passed Duma First Reading On 23 June. (Moscow ROSSIYSKAYA GAZETA in Russian 25 Aug 95 pp 10- 11) (8,500)

SECTION II: POLITICAL (INTERNATIONAL AND CIS AFFAIRS, ELECTIONS, CRIME, POLLUTION)

Government 24 July Decree No. 753 Confirming Defense Sectors Committee Chairman Glukikh As Chairman Of Russian Part of Intergovernmental Cooperation Commission With UAE. (Moscow ROSSIYSKAYA GAZETA in Russian 25 Aug 95 p 4) (100) (Text)

Government 7 August Decree No. 791 On Space Activity In Interests Of Russian Economy, Science, And Security. (Moscow ROSSIYSKAYA GAZETA in Russian 25 Aug 95 p 6) (1200) (Text)

Chernomyrdin-Signed 7 August Government Decree No. 794 On Educational Establishments Of Former RSFSR Ministry Of Consumer Services For Population. (Moscow ROSSIYSKAYA GAZETA in Russian 24 Aug 95 p 5) (450), Plus List Of Federally Owned State Educational Establishments Being Transferred To RF State Committee For Higher Education.

Yeltsin 16 August Edict No. 854 On Certain Social Guarantees For Persons Occupying RF State Posts And Posts Of Federal State Employees. (Moscow ROSSIYSKAYA GAZETA in Russian 24 Aug 95 p 5) (1200)

Yeltsin 16 August Edict No. 855 Adding Presidential Security Service First Deputy Chief G.G. Rogozin To 'Russian Financial And Stock Market Communications' Foundation Organizing Committee. (Moscow ROSSIYSKAYA GAZETA in Russian 23 Aug 95 p 4) (50)

Federal Law No. 146 Dated 17 August Approving Chart Of Single-Seat Constituencies For Duma Elections, Plus Text Of Chart Showing What Towns, Rayons Are Covered By What Constituencies. (Moscow ROSSIYSKAYA GAZETA in Russian 22 Aug 95 pp 2-8 (100/22,000)

Yeltsin 18 August Edict No. 861 On Ensuring Activity Of 'Vybory' ('Elections') State Automated System Of Russian Federation. (Moscow ROSSIYSKAYA GAZETA in Russian 24 Aug 95 p 4) (350) (Text). Accompanying Statute On Federal Center For Provision Of Information Under Central Electoral Commission Of Russian Federation. (Moscow ROSSIYSKAYA GAZETA in Russian 24 Aug 95 p 4) (1650)

Yeltsin 22 August Edict No. 866 Amending, Invalidating Previous Rulings On Foreign Ministry. (Moscow ROSSIYSKAYA GAZETA in Russian 25 Aug 95 p 4) (300)

Decree Of Central Electoral Commission Signed By Chairman Ryabov And Secretary Veshnyakov Relating To 'Explanations Concerning Procedure For Collecting Voters' Signatures In Support Of Candidates For State Duma Deputy Nominated In Single-Seat Electoral Districts And Candidates Nominated By Electoral Associations And Electoral Blocs In Federal Electoral District'; Accompanied By Text Of Said 'Explanations....' (Moscow ROSSIYSKAYA GAZETA in Russian 24 Aug 95 p 6) (200/3,250)

Regional Affairs

Chernomyrdin in Tatarstan, Speaks at Republic Day

Promotes 'Clear Nationalities Policy'

LD2908222495 Moscow INTERFAX in English 2109 GMT 29 Aug 95

[FBIS Transcribed Text] KAZAN, Aug 29 (INTERFAX-EURASIA) — Russia needs a clear nationalities policy, Prime Minister Viktor Chernomyrdin has said. He was speaking in Kazan where he arrived on a one-day visit for the festivities marking Tartarstan's Republic Day.

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"Ethnic extremism and separatism have nothing to do with the equality of peoples and their self-determination, because those ills bring about self-isolation, the severing of ties and the moral genocide of millions," Chernomyrdin said.

He is certain that ethnic compartmentalization is impossible in a country like Russia and that an appropriate mechanism must be established to reconcile the interests of the federal center and regions, support their initiative and give them more independence.

Pledges Aid for Joint Auto Venture

LD2908210195 Moscow ITAR-TASS World Service in Russian 1830 GMT 29 Aug 95

[By Gennadiy Yezhov]

[FBIS Translated Text] Kazan, 29 Aug (ITAR-TASS) — Russian Prime Minister Viktor Chernomyrdin promised that the federal authorities would help the joint project between Tatarstan and the American firm General Motors to build a motor vehicle plant in Yelabuga. Speaking at a conference with heads of local enterprises in Kazan today, Chernomyrdin agreed that it was necessary to set aside federal aid to bring the interminable construction in Yelabuga to an end. The project has its roots in the former USSR.

An agreement signed earlier between Russia and Tatarstan envisages that each will contribute 25 percent of investments necessary to finance the project. It is planned to obtain the remaining 50 percent from a foreign investor. A representative delegation from General Motors will arrive in Tatarstan at the beginning of September this year. It is expected that joint documents on the construction of the plant will be signed during the visit. The plant itself will produce motor vehicles using American technology.

At the conference in Kazan, Chernomyrdin also suggested that the local leadership should speed up the setting up of a financial and industrial company with the participation of Tatarstan's oil recovery workers and Ukrainian refineries, geared to refining sulphur-bearing crude oil, of which 8 million tonnes are recovered in Tatarstan a year. Following the USSR's disintegration, Russia no longer possesses any capacity to refine this type of oil. The high Ukrainian export duties have made the extraction of the Tatar sulphur-bearing crude oil unprofitable. In this context, the Russian prime minister said he was ready to speed up the registration of the Tatar-Ukrainian company, which, according to him, "will create an interest among the Ukrainian partners and, in the final analysis, will make the recovery of sulphur-bearing crude oil in Tatarstan profitable."

Chairs Cabinet Sitting; Departs

LD2908230795 Moscow ITAR-TASS World Service in Russian 2210 GMT 29 Aug 95

[FBIS Translated Text] Moscow, 30 Aug (ITAR-TASS) — Viktor Chernomyrdin, chairman of the Russian government, has completed his visit to Tatarstan pegged to the fifth anniversary of the declaration of the republic's state sovereignty. In the early hours of Wednesday the Russian prime minister returned to Moscow to take part in the Security Council's meeting on Chechnya scheduled for today.

ITAR-TASS correspondents Gennadiy Yezhov and Nikolay Sorokin report from Kazan that shortly before departing for Moscow Viktor Chernomyrdin chaired a sitting of the Tatarstan Cabinet of Ministers devoted to the republic's urgent economic problems. The sitting raised the issues of financial assistance to a number of industrial facilities, preferential credits and lower customs duties. Viktor Chernomyrdin promised to take specific measures and stressed the need to re-equip enterprises, especially those of the military-industrial complex, and to enable them to manufacture competitive civilian output.

While in Tatarstan, the Russian premier visited an exhibition of machinery, equipment, and instruments which local enterprises of the military-industrial complex started to produce within the framework of conversion. Chernomyrdin held a conference with heads of the above enterprises. Speaking at the conference Farid Mukhametshin, Tatarstan's prime minister, noted that the republic could not maintain the defense complex without financial injections from the federal budget. According to him, in the current year local enterprises of the military-industrial complex have reduced the volume of production by 22.3 percent, while the general industrial growth was 1.5 percent. The delay of payments by the Defense Ministry for the output supplied is a major problem, he said. In connection with this, the Tatarstan leadership asked Viktor Chernomyrdin that the republic's defense enterprises be given, at last, a clear picture of the federal military order since a draft federal budget for 1996 has already been submitted to the State Duma.

Kaliningrad Development Association Founded

WS3008080395 Kaliningrad KALININGRADSKAYA PRAVDA in Russian 16 Aug 95 p 1

[Report by Yu. Kochkurov: "Shcherbakov Promises and Delivers;" quotation marks as published]

[FBIS Translated Text] An Association for Support of Kaliningrad Oblast's Development as a Special Economic Zone is being established at the initiative of lead-

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ers of Kaliningrad banks and enterprises. It is actively supported by Doctor of Economic Sciences Vladimir Shcherbakov, former USSR deputy prime minister, and currently president of the International Fund for Assistance for Privatization and Foreign Investment, vice president of the "Roundtable of Russian Business" association, and council chairman of Kaliningrad's "Energotransbank." The association is a public organization. The forces attracted to it, however, are quite significant....

They include Duma Deputy V. Shumeyko, representing Kaliningrad Oblast; his three deputy chiefs; several chairmen of Federation Council committees; as well as I. Rybkin, A. Volskiy, and others who are well-known in Russia and the oblast and can provide significant assistance for the region's development.

V. Shcherbakov took the floor [at a news conference devoted to the establishment of the association] and delivered a speech based on concrete facts:

The first project for Kaliningrad Oblast is to establish a financial structure through which we can work. I am refering to the establishment of "Energotransbank," which is a serious undertaking even by Moscow standards. It is not by accident that a Swiss bank has opened a systematic, continually working credit line for this bank.

We have decided to form a structure able to provide for the oblast's investment. The system involves a special team which will develop projects. This will be followed by a financial link comprised of the "Energotransbank" and a managing company.

The implementation of certain projects is already under way — for instance, the project involving the TVT [expansion unknown] company — which produces drinks. Very soon, it will be producing natural juices, as well as mineral and drinking water in Kaliningrad Oblast.

The same company is completing the "Tobacco Factory" project along with the Bulgarians. The equipment has been ordered, and everything is ready for construction, including engineers. Probably this year, the factory will launch the production of 1.5 million cartons of cigarettes made of Bulgarian tobacco.

The same company is also preparing a coffee processing project. We plan to deliver coffee both to Kaliningrad Oblast and other oblasts and republics.

There are also other kinds of projects; for instance, on telephone and telefax communication with Russia's regions and the world. If everything goes well, 300 communication channels will be operating by September.

The "Kaskad" company has received considerable assistance for the aforementioned telecommunications projects. We have bought practically all the radio equipment for the company, and currently, we are acquiring the telecommunications equipment. Provided a number of conditions are fulfilled, we plan to transmit NTV and TV-6 [television] channels to the oblast by the beginning of September.

In addition, reconstruction of a plant is being finished at the "Kaliningradbummash" [Kaliningrad paper machines] enterprise, and special equipment is on the spot. In short, we will fix used foreign vehicles — some 6,000-8,000 a year — as well as sell them with a guarantee starting at the end of September.

In the near future, a plant assembling 35,000 vehicles per year will start operating. The vehicles will be sold in Russia, Belarus, Ukraine, and perhaps, Europe. Here, the problem lies in acquiring a license. In any case, we will not give up the idea of establishing a car assembly plant.

Apart from passenger cars, we also intend to manufacture commercial vehicles; the plan is to reconstruct minibuses into movable kiosks which contain small furnaces inside. I think such vehicle-shops will be eagerly leased by small entrepreneurs.

We are also considering manufacturing city buses and construction equipment, including concrete mixers and cranes.

Another program envisions the utilization of military ammunition and other military property — accumulated here in large quantities — including the extraction of precious metals from it. That is why we are creating an engraving enterprise here; we have agreed with the Yakut Republic on deliveries of crude diamonds; we intend to produce jewelry.

A plant producing audiocassettes and videocassettes is about to start operations. It also belongs to the "Kaliningradbummash" construction company. In cooperation with the "Kodak" company, we would like to set up annual production of 1 million audiocassettes and 1 million videocassettes.

At the "Kaliningradbummash" enterprise, we are also going to set up the production of heavy cranes in cooperation with the Poles, as well as to modernize the production of special equipment for paper and pulp enterprises, and to organize the production of gusher hardware for the petroleum industry.

We have solved or helped to solve the problem of compensatory payments, which emerged after the decree on the Free Economic Zone had been rescinded. We

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have managed to secure an investment credit of 200 billion rubles [R] for the oblast, and I think that we will acquire another credit line.

Within the last year and a half, we have invested $20 million into Kaliningrad Oblast. Within the next 1.5-two years, we are going to invest $100 million more.

We have projects on how to develop a consignment zone, how to create a new shipping point for petroleum products, and how to more extensively use Kaliningrad as a seaport.

I would like to mention two more projects. The first one concerns the strengthening of the material basis of law enforcement bodies. We are ready, for instance, to provide them with specially designed and equipped vehicles. The second one concerns securing the necessary number of rehabilitation [as published] ambulances. These two projects cost some $1.5 million. We will finance a third portion of the expenditure, and we invite oblast financial structures to participate in these projects in order to implement them by the end of 1995.

V. Shcherbakov answered journalists' questions, including one from our correspondent: "Is your generous participation in solving our oblast's problems connected with the forthcoming elections to the State Duma?"

Vladimir Shcherbakov answered in this way: Such a possibility exists; perhaps, it makes sense to receive a deputy's mandate from Kaliningrad to implement its development projects on a sound basis. However, he has not yet decided this question for himself.

Many things have been promised and already accomplished. Let us hope that things will move forward, and that the Association for Support of Kaliningrad Oblast will achieve considerable success, particularly since we have been promised so much that it is a piece of cake to believe in the words of the city and oblast's next benefactors.

True, in this case, the guest was exceptionally well-informed about the oblast's affairs, and expressed his thoughts in a way that encouraged trust.

New Sverdlovsk Oblast Governor Interviewed

MM2908153895 Moscow KOMSOMOLSKAYA PRAVDA in Russian 29 Aug 95 p 2

[Interview with newly elected Sverdlovsk Oblast Governor Eduard Rossel by Aleksandr Gamov under the "Look Who's Arrived!" rubric; date and place not given: "Rossel Already Ensconced in the Kremlin"]

[FBIS Translated Text] [Gamov] Eduard Ergartovich, it is still a mystery for many people why the president authorized by edict the Sverdlovsk Oblast gubernatorial elections? After all, he of all people doubtlessly knew that the victor would be the selfsame Rossel whom he fired in November 1993....

[Rossel] Things are not so straightforward. First the oblast's legislative assembly, which I headed, elaborated the necessary documents for this purpose — none of this had happened in Russia before, although the Constitution does in fact allow for such an option. We appealed to the president on three occasions requesting to be allowed to hold gubernatorial elections, but there was no response.. It was only when we sent a letter to the Constitutional Court that we received the long-awaited reply.

[Gamov] So you forced president to take this step?

[Rossel] Well, how come? Boris Nikolayevich himself met us halfway.

[Gamov] And whom did he cheer for — Rossel or Strakhov?

[Rossel] I think he supported neither the one nor the other, but was in favor of people's power — and for everything to be absolutely correct. When there were just a few days left until the second round of the ballot, a decision was made at the top to "send in" to Sverdlovsk Oblast a government task force consisting of 15 ministers under the command of Soskovets. They were to bring money to pay wage arrears, to "fatten up" the voters, and to "open their eyes." The president "killed" this task force.

[Gamov] Therefore, Boris Nikolayevich was atoning for his sins? Incidentally, how much did the president's edict of 18 months ago cost the public purse — I am referring to the cost of the gubernatorial elections?

[Rossel] Through my channels, around 2 billion rubles were spent on both rounds. How much was spent on Strakhov, I do not know. But probably quite a lot as well.

[Gamov] And what is the outcome? I do not mean just your victory.

[Rossel] I think our elections have proved the main point: Russia, thank God, has gotten through the period in the development of democracy during which the results of voting were determined by the supreme authorities' wishes, sometimes backed up by gigantic sums of money and massive plugging of the "suitable candidate" in the mass media. Now everything is decided by people's power. It was this which triumphed in Sverdlovsk Oblast, not Rossel. Today people can be bought off by only one sort of capital — promises that are sincere and comprehensible.

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[Gamov] Then how do you explain the fact that, having won a democratic victory, you are beginning to behave like an out-and-out Bolshevik: Firing the oblast government, wiping out power ministry workers, and even threatening some kind of criminal proceedings...?

[Rossel] I have simply been incorrectly understood. Sverdlovsk Oblast has its own Charter which states that, after the election of the governor, the government resigns and a new government is formed. Again, I personally do not intend to persecute anyone — we have the legislation, and if someone is at fault, he will be held strictly to account.

[Gamov] In a few days' time you intend to meet with the president. What for?

[Rossel] To resolve once and for all the question of how Sverdlovsk Oblast will base its relations with the center. We propose, in particular, to introduce our own tax code on an experimental basis. I am also in favor of our having a "local" Criminal Code in operation to correspond to the level of crime — our oblast ranks first in this regard.

[Gamov] And what about the Ural Republic?

[Rossel] The present Russian Constitution affords the regions extensive rights and possibilities, hence the majority of our previous plans can be accomplished within its framework.

[Gamov] But they say that Rossel still remains a separatist....

[Rossel] I never was one and I never will be.

[Gamov] Your name is becoming an epithet — the heads of administrations in the regions are already being divided into "Rosselites" and "Strakhovites." But regarding higher levels: Who, in your opinion, now sits in the Kremlin — a Rossel or a Strakhov?

[Rossel] I think a Rossel. Otherwise developments would have been quite different — not just in Sverdlovsk Oblast, but in Russia as a whole.

Five Electoral Districts Approved for Tatarstan

954F3232A Kazan IZVESTIYA TATARSTANA in Russian 25 Aug 95 p 1

[Unattributed article: "Pre-Election Marathon. Districts Approved—They're Off and Running"]

[FBIS Translated Text] The law of the Russian Federation on the approval of the plan for single-mandate electoral districts for elections of deputies to the State Duma of the Federal Assembly of the Russian Federation of the second convocation took effect on 22 August. The law ratified the plan for districts submitted by the Central Electoral Commission. On 23 August, ROSSIYSKAYA GAZETA published a list of single-mandate districts. From that moment, the election campaign was officially under way.

In compliance with the plan, five single-mandate electoral districts were formed on the territory of Tatarstan:

No. 22—Almetyevskiy (543,100 voters).

Center—city of Almetyevsk. Includes the cities Aznakayevo, Almetyevsk, Bubulma, and Leninogorsk; and the rayons Aznakayevskiy, Aksubayevskiy, Alekseyevskiy, Alkeyevskiy, Almetyevskiy, Bavlinskiy, Buguminskiy, Leninogorskiy, Muslyumovskiy, Novosheshminskiy, Oktyabrskiy, Sarmanovskiy, Sapsskiy, Yutazinskiy, and Cheremshanskiy.

No. 23—Moskovskiy (505,900 voters)

Center—city of Kazan, Moskovskiy Rayon. Includes the cities Zelenodolsk, Kazan (Aviastroitelnyy, Kirovskiy, and Moskovskiy Rayons); and the rayons Apastovskiy, Buinskiy, Verkhneusloiskiy, Drozhzhanovskiy, Zelenodolskiy, Kaybitskiy, Kamskoustinskiy, and Tetyushskiy.

No. 24—Naberezhnochelninskiy (513,300 voters)

Center—city of Naberezhnyye Chelny. Includes the cities Yelabug and Naberezhnyye Chelny; and the rayons Agryzskiy, Aktanyshskiy, Yelabuzhskiy, Mendeleyevskiy, Menzelinskiy, and Tukayevskiy.

No. 25—Nizhnekamskiy (542,600 voters)

Center—city of Nizhnekamsk. Includes the cities Zainsk, Nizhnekamsk, and Chistopol; and the rayons Arskiy, Atninskiy, Baltasinskiy, Bysokogorskiy, Zainskiy, Kukmorskiy, Laishevskiy, Mamadyshskiy, Nizhnekamskiy, Pestrechinskiy, Rybnoslobodskiy, Sabinskiy, Tyulyachinskiy, and Chistopolskiy.

No. 26—Privolzhskiy (531,100 voters)

Center—city of Kazan, Privolzhskiy Rayon. Includes the city of Kazan (Vakhitovskiy, Novo-Savinovskiy, Privolzhskiy, and Sovetskiy Rayons).

Tatarstan Economic Indicators Published for Jul

954F3228A Kazan RESPUBLIKA TATARSTAN in Russian 24 Aug 95 p 3

[Article by V. Batin, Center for Social Problems of the Republic of Tatarstan: "How We Lived in July"]

[FBIS Translated Text] An analysis done by the Center for Social Problems of the Republic of Tatarstan of operational information of the State Committee on

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Statistics of the Republic of Tatarstan, data from our own observations, and also information on the socioeconomic condition in Russia, makes it possible to draw a number of conclusions about the dynamics of the economic market conditions in the Republic of Tatarstan.

[Text appears to be missing] of daily demand the greatest increase in cost was found for detergents—108.7 percent, medications—5.5 percent, office supplies—5.8 percent, and hosiery items—5.7 percent. Prices rose a little less—by 3-4 percent—for clothing, knitted items, and footwear. The highest price growth rates were reported for furs and fur items—10.4 percent and construction materials—8.5 percent.

As compared to December 1994, prices of nonfoodstuffs doubled on average, and the greatest increases in prices during this period were for gasoline—3.4-fold and fabrics—2.1-fold.

Prices and rates for paid consumer services rose during July by 1.9 percent—this is the lowest indicator since the beginning of the year (see Figure 1). The greatest growth of prices among the paid services in July was reported for sanatorium-resort and health institutions—18.9 percent. Legal services, transportation, cultural institutions, and consumer services increased by 1.1-2.7 percent. The cost of communications services, keeping children in preschool institutions, physical culture and sports, and banking institutions, and payments for public health and housing-municipal services remained practically unchanged.

On the whole during the seven months of this year, the cost of paid services rose 1.8-fold, and the greatest growth of prices was observed for tourist-excursion services—3.4-fold—and communications services—2.3-fold.

The growth rate of wholesale prices in July was 105.1 percent and was below June's (106.1 percent) but higher than the growth rate of consumer prices (101.3 percent), which, taking certain other factors into account, makes it possible to doubt the plausibility of government (Russian Federation) predictions of a reduction of inflation to 1-2 percent per month by the end of the year. In July the inflation index for the Russian Federation as a whole was 105.5 percent (in June—106.7 percent) and in Tatarstan—102.4 percent (in June—108.7 percent). The anticipated figures for inflation in August are about 4.5 percent for the Russian Federation and 5 percent for the Republic of Tatarstan, with an increase to 7-11 percent in September-November.

Industry

The index of the physical volume of industrial production during January-July 1995 was 101.5 percent of the level of the corresponding period of last year, including 105.6 percent of the level of July 1994. In July of this year the overall volume of industrial production exceeded last month's level by 1.1 percent (during April-June there was also an increase relative to the preceding month). For reference: The index of the physical volume of industrial production in Nizhniy Novgorod Oblast was 99 percent since the beginning of the year and 98.8 for July; in the Republic of Bashkortostan these figures were 99.9 and 115 percent, respectively.

An analysis of the production of the most important types of industrial products done by the State Committee on Statistics of the Republic of Tatarstan showed that of the 300 types included in the periodic report, during January-July of this year production increased for 101 items, including oil production, the production of gasoline, polyethylene, synthetic rubbers, resins and plastics, industrial carbon, tires for passenger cars, pipes and parts for pipelines made of thermoplastics, compressor installations, gas turbines, passenger cars, etc. But for the majority of types of products during the seven months, there has been a drop in production volume as compared to the corresponding period of last year. Among them: the output of electric energy, the production of movie film, tires for trucks and agricultural machinery, wood chip board, window and door casings, paper, cardboard, construction brick, prefabricated reinforced concrete items and parts, meat, butter, whole milk products translated into milk, flower, hosiery and knitted items, etc.

In July there was an increase in the production of 114 items, and there was a considerable increase in the production of synthetic rubbers (2.2-fold), tires for passenger cars (65.9 percent), compressor installations and gas turbines (2.3-fold), plywood, linoleum, mineral water, canned fruits and vegetables, etc.

Currency

The ratio between the values of the inflation index and the change in the exchange rate of the dollar is given in Figure 3, from which one can see that even since May the exchange rate of the dollar relative to the ruble is dropping. In the opinion of certain analysts, the limits of the fluctuations of the exchange rate of the dollar in October will move beyond the R5,000-R6,000 mark. Thus, a member of the budget-foreign exchange committee of the State Duma of the Russian Federation in an interview with the ITAR-TASS Agency (SEGODNYA, 12 August 1995) announced that the Central Bank of the Russian Federation had still not managed to keep the money supply in the country under control. Among the main reasons he mentioned the significant issuance of money by the Central Bank

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during the period of implementation of the policy of "dedollarization" of the economy. The buying up on the exchange of an immense quantity of dollars for rubles led to a growth of prices and inflation in the country. Moreover, the Central Bank itself made a number of mistakes in the foreign exchange-currency policy it pursued. In particular there were complaints and criticism from the deputies about the fact that important decisions were made "behind closed doors." (For reference: When the Russian Federation budget for 1996 was developed, the average exchange rate of the dollar used in the calculations was R5,500).

Siberians Open Food Market, Issue Promissory Notes

MM2908193795 Moscow KOMSOMOLSKAYA PRAVDA ("Business Tuesday" Section) in Russian 29 Aug 95 p 1

[Report by A. Goryunov under the "Foodstuffs" rubric: "Common Market in Siberia"]

[FBIS Translated Text] Novosibirsk — The first Siberian food commodities finance and trade session, organized by the Siberian Accord interregional association and representatives of banks operating in the Russian Federation's Siberian components, has been held in Novosibirsk. The aim of setting up this working organ is to form the prerequisites for a stable Siberian wholesale food market. In other words, to satisfy the needs of Siberia's regions in food commodities without involving the Center. According to Vladimir Ivankov, executive director of the Siberian Accord interregional association, this requires the producers of raw materials and food to sit down together with those who can fund that production and for them to seek together a mechanism for these structures to collaborate. The main task in the food sphere today is the creation of a unified regional grain fund, which the Siberian Trade and Industry Investments Union is undertaking to fund. Another outcome of the first Siberian finance and trade session was the adoption of an agreement on the formation of a single Siberian food market, signed by representatives of all the regions within Siberian Accord and also representatives of Kazakhstan and Uzbekistan. A decision was adopted to issue a Siberian promissory note, which will be used as a means of payment.

Altay Farmers Lobby Zaveryukha for Aid

MM3008091695 Moscow SELSKAYA ZHIZN in Russian 29 Aug 95 p 1

[Report by Ivan Semykin: "Everybody Holds Their Ground!"]

[FBIS Translated Text] Altay Kray — A wonderful vista of fall grainfields and boundless expanses opened up before [Vice Premier] A.Kh. Zaveryukha and [Agriculture and Food Minister] A.G. Nazarchuk on the last day of their visit to Altay. The government delegation made an overflight of the kray and rural areas in helicopters.

Its first stop was in the fields of the "Kiprinskoye" joint-stock company in Shelabolikhinskiy Rayon. From the very first minutes the conversation with the farm leaders turned to today's main question — the price of grain. There are a lot of arguments about its level. Farmers, who are totally tired of living in poverty, are demanding fair payment for grain, otherwise, they believe, farms simply will not survive.

"I am not going to sell a tonne of wheat grain to anybody for under 1 million rubles [R]. A million is a very realistic price. It will allow us to set right the farm's financial state while allowing everybody else to lead a normal life," A.S. Kashirin, an old acquaintance of A.Kh. Zaveryukha who heads the "Altay" joint-stock company, set out his position.

"The Americans and Germans are offering us grain at $100, but you are asking the exorbitant price of R1 million — it would be cheaper for us to buy grain abroad," L.S. Cheshinskiy, president of the "Roskhleboprodukt" joint-stock company, chipped in cunningly.

"You don't have to take our grain, we are not forcing you," Aleksandr Kashirin said, holding his ground like the famous muzhiks in Russian literary classics. "Today we are selling farm-baked bread at R1,000 per loaf in several stores in Barnaul and we are making a substantial profit out of this. It's no problem if you don't buy our grain, this year we have built ourselves another three grain stores so we can lay in the entire harvest. We have our own mill and bakery — if we bake bread and sell it in the city we will retain all the profits. And our bread will be considerably cheaper than yours...."

The vice premier asked the agronomists how the commodity credit is working out in the kray and whether its terms suit the grain growers. It transpired that many Altay farms have been unable to take advantage of the commodity credit for lack of funds.

"In spring the kray food corporation offered us mineral fertilizers. We were supposed to hand over 7 tonnes of grain for each tonne of fertilizer," Aleksandr Semenov,

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agronomist at the "Kiprinskoye" joint-stock company explained. "We turned down this fertilizer since we could not afford it. How could we buy fertilizer when the collective has not been paid for several months?!"

"You ought to have obtained the fertilizer for free in the spring and paid with grain in the fall. Once again we are faced with arbitrariness — the government made a decision to support the peasants on the eve of the sowing campaign, but ultimately everything turned out in a distorted form," A.Kh. Zaveryukha said angrily. "You decided to support the collective with wages instead of buying fertilizer, and ultimately you missed out on hundreds of tonnes of harvest...."

This year over 7,000 hectares in Altay are sown to sugar beet, which is being cultivated according to German techniques. In this connection the vice premier repeatedly asked Altay farmers' opinion of the innovation: Is it acceptable in local conditions? The farm leaders answered in the following terms: The technique is certainly a good one, makes it possible to considerably increase plantation yields, and totally excludes manual cultivation and harvesting of the crops. But the equipment is very expensive! You have to work for 10 years to buy a complete set of German machines for cultivating beets and seeds. Altay farms, having begun to use the new technique in the spring, abandoned it in the summer because they lacked the funds. Admittedly, specialists from the Kray Agriculture and Food Administration claim the opposite — the cost of the machines and equipment can be recouped in a much shorter time and the increase in yield more than covers all the expenditure.

A detailed discussion took place at the F.M. Grinko limited partnership in Shipunovskiy Rayon. The leaders of neighboring farms and rayons, and private farmers assembled for the conference at the former kolkhoz club, and ordinary pensioners and workers came along to listen to the top officials from Moscow. The main thing the old people wanted to know was just when their pension was going to be paid on time, the workers complained about low wages and the late payment of wages, and machine operators expressed anger at the extremely low assembly quality of and missing parts on the grain harvesting combines received by the farm recently. The machines arrive without reapers or batteries. Twenty new combines became unserviceable even before they could join in the harvesting. The motors break down, the chassis goes wrong, wheels fail right there in the fields, and drive belts do not last even a week.

"A 'Yenisey' combine costs over R150 million. So I'm supposed to pay the whole of this year's harvest for one! And what will I be left with? How am I going to go on?" a private farmer said angrily.

The farm leaders demanded "real" money from the visitors from the capital — otherwise they cannot carry out the harvesting — and they demanded final payment for contracted grain. They also asked: Who is going to ship grain to the state granaries, when, and how?

"Nowadays agriculture has no rights, we are robbed and plundered by everybody," A.A. Gyunter, director of the "Melnikovskiy" sovkhoz, said angrily. "I have been head of the farm for 26 years, but I have never seen times like these before. Tomorrow we are going to take the first 20 tonnes of flour from this year's harvest to the city, need is forcing us to sell it — we need 'real' money otherwise we simply cannot survive."

The general thrust of most of the speeches at this conference was as follows. Thanks to their internal reserves Altay grain growers have managed to grow a big grain harvest this year. But substantial government assistance is needed in order to harvest it rapidly and without losses. The kray simply cannot manage without it!

Economic Issues

Revised Federal Budget Figures Published

MM2508140995 Moscow ROSSIYSKAYA GAZETA in Russian 25 Aug 95 p 4

[Russian Federation Federal Law No. 150, signed by President Yeltsin and adopted by the State Duma 12 August: "On Changes to the Federal Law 'On the Federal Budget for 1995;'" accompanied by appendices]

[FBIS Translated Text] Article 1. The following amendments and additions shall be made to the federal law "On the Federal Budget for 1995" (SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, No. 14, p. 1213):

1. Make changes to Article 17 in accordance with Appendix 1 to this federal law.

2. Article 17 Section 6, amend with paragraphs 5 and 6 as follows:

"including:

"Development of agricultural science, 287,000.0".

3. Appendix 6 Point 1 paragraph 1 make read:

"1. Equipping neonatal centers (wards) and specialized maternity hospitals for the termination [nevynashivaniye] of pregnancies, 15,000.0".

4. Appendix 8 paragraph 24 make read:

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"subsidizing loan interest rates, 102.6".

5. Appendix 11, recast in line with Appendix 2 to this federal law.

6. Amend the aforesaid federal law with Appendices 13 and 14 in line with Appendixes 3 and 4 to this federal law. (Footnote) (Appendixes Nos. 3-4 are not being published).

Article 2. The Russian Federation Government shall be entitled to finance the direct recipients of federal budget funds referred to in Appendixes 4, 5, 6, 7, 8, 9, 10, and 11 to the federal law "On the Federal Budget for 1995" through the system of federal treasury organs.

Article 3. This federal law comes into force from the date of its official publication.

[Signed] Russian Federation President B. Yeltsin

[Dated] Moscow, the Kremlin, 22 August 1995

No. 150

Appendix No. 1

	Revised figure	Total including revised figure
	(millions of rubles)	
1. State administration of which:	+ 610,796.0	4,506,836.4
Functioning of federal legislative (representative) and executive organs of which:	+ 63,267.1	573,721.7
Russian Federation Comptroller's Office	+ 2,683.0	48,478.9
functioning of the system of federal executive organs	+ 121,948.7	761,663.0
activities of financial and fiscal organs	+ 354,566.2	2,671,947.8
other expenditure on general state administration	+ 71,014.0	499,503.9
2. International activity of which:	+ 2,512.6	21,001,513.5
international cooperation	+ 1,822.5	18,300,277.5
implementation of the Russian Federation's international agreements	+ 690.1	2,548,803.5
3. National defense of which:	+ 2,276,667.2	50,853,674.0
organizational development and upkeep of the Russian Federation Armed Forces of which:	+ 2,258,567.2	45,603,373.9
upkeep of the Armed Forces	+ 2,257,900.0	24,239,684.0
upkeep of mobilization capacity	+ 18,100.0	218,840.1
4. Law-enforcement activity and safeguarding of state security of which:	+ 1,055,282.8	16,023,740.0
Internal Affairs organs	+ 433,788.0	6,061,520.0
Internal Troops	+ 94,872.0	1,536,571.0
criminal enforcement system	+ 135,402.0	2,423,235.5
Tax Police organs	+ 20,000.0	231,767.1
state security organs	+ 189,100.0	2,646,849.6
Border Troops	+ 70,000.0	2,401,073.2

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	Revised figure	Total including revised figure
Customs organs	+ 1,426.9	5,084.8
Prosecutor's Office organs	+ 110,693.9	717,638.8
5. Federal judicial system	+ 150,912.9	1,215,987.4
6. Fundamental research and the promotion of scientific and technical progress of which:	+ 389,745.5	6,449,775.6
fundamental research	+ 130,058.6	1,905,210.6
development of promising technologies and priority avenues of scientific and technical progress	+ 259,686.9	4,544,565.0
7. Industry, power generation, and construction of which	+ 43,973.8	31,206,252.2
other industrial sectors	+ 3,118.1	602,877.9
construction, architecture, and town planning	+ 40,855.7	20,132,986.7
8. Agriculture and fisheries of which:	+ 510,671.5	9,825,954.7
agricultural production	+ 503,850.9	9,339,359.9
fisheries	+ 6,079.2	62,162.6
other measures in the sphere of agriculture	+ 741.4	24,832.8
9. Protection of the environment and natural resources, hydrometeorology, cartography, and geodesy of which:	+ 141,874.5	1,462,279.4
water resources	+ 2,922.8	71,077.4
forestry resources	+ 90,596.0	837,046.0
environmental protection	+ 3,003.4	32,847.2
hydrometeorology	+ 18,772.8	296,189.6
cartography and geodesy	+ 26,579.5	224,751.8
10. Transportation, roads, communications, and computers of which:	+ 22,331.8	552,743.3
water transport	+ 15,648.1	340,294.4
communications	6,683.7	153,566.6
12. [as published] Prevention and elimination of emergency situations and the consequences of natural disasters of which:	+ 18,193.1	2,456,091.3
prevention and elimination of the consequences of emergency situations	+ 13,800.0	1,438,223.1
mobilization training and civil defense	+ 4,393.1	58,076.5
13. Education of which:	+ 521,330.6	9,519,531.0
preschool education	+ 30,020.5	297,375.2
primary and general secondary education	+ 20,342.3	214,695.3
vocational and technical education	+ 72,914.5	1,726,497.2
secondary specialized education	+ 73,231.9	1,189,710.2
retraining and improvement of qualifications	+ 25,205.1	323,407.0

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	Revised figure	Total including revised figure
higher education	+ 294,445.9	5,429,886.6
other institutions and expenditure in the sphere of education	+ 5,170.4	337,959.5
14. Culture and art of which:	+ 28,657.5	1,553,704.0
culture and art (libraries, museums, theatrical and entertainment enterprises, houses of culture, clubs)	+ 27,061.6	1,382,697.6
cinematography	+ 1,548.5	146,838.1
other cultural and artistic measures	+ 47.4	24,168.3
15. The mass media of which:	+ 35,588.1	1,782,842.0
television and radio broadcasting	+ 28,518.5	1,618,176.1
periodicals and publishing houses	+ 996.8	89,996.8
the other mass media	+ 6,072.8	74,669.1
16. Health care and physical fitness of which:	+ 237,827.3	4,577,223.5
health care	+ 193,303.3	3,724,600.8
sanitary and epidemiological oversight	+ 44,524.0	806,857.0
17. Social policy of which:	+ 1,223.8	4,472,077.2
social welfare institutions	+ 572.8	11,108.8
other institutions and measures in the sphere of social policy	+ 651.0	2,005,236.1
19. [as published] Replenishment of state stocks and reserves	+ 587.8	10,198,575.2
20. Other expenditure of which:	- 6,048,176.8	3,578,448.6
financial assistance to Russian Federation components and administrative and territorial formations of which:	+ 116,823.2	28,616,329.2
federal programs for regional development	+ 116,823.2	1,811,023.2
other expenditure not covered under other subsections of which:	- 6,165,000.0	3,578,448.6
financing for the everyday activities of treasury-funded plants (factories, farms) set up on the basis of liquidated federal state enterprises	- 465,000.0	35,000.0
expenditure relating to the increase in the minimum wage	- 5,700,000.0	

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Appendix No. 2 — Federal Programs for Regional Development

	Millions of rubles
Federal programs for regional development of which	1,811,023.2
to implement Russian Federation Government Decree No. 1297 — the "Socioeconomic Development of Sakhalin Oblast's Kuril Islands" Program (1993-2000) — of 17 December 1993	60,000.0
to implement Russian Federation Government Decree No. 963 "On the Implementation of the Russian Federation Presidential Edict 'On the Staging of an Experiment in Tula Oblast to Create the Organizational, Legal, and Economic Conditions for the Development of the Regional Agro-Industrial Complex'" of 17 August 1994	27,300.0
to implement Russian Federation Government Decree No. 205 "On Urgent Measures of State Support for the Socioeconomic Development of Kamchatka Oblast" — the program to develop Kamchatka Oblast — of 18 March 1994	21,130.0
to implement Russian Federation Presidential Edict No. 1986 "On State Support for the Socioeconomic Development of the Republic of North Ossetia Through the Year 2000" of 7 October 1994	50,000.0
the program "Urgent Measures to Improve the State of the Environment, the Sanitary and Epidemiological Situation, and the Health of the Population in Bratsk City, Irkutsk Oblast" ("The Bratsk City Environment")	40,000.0
to implement Russian Federation Government Decree No. 1306 "On the Comprehensive Federal Program to Protect Lake Baykal and Ensure the Rational Utilization of its Natural Resources" of 25 November 1994 of which:	17,000.0
the Republic of Buryatia	9,478.0
Irkutsk Oblast	3,878.0
Chita Oblast	3,374.0
to implement Russian Federation Presidential Edict No. 1622 "On Measures to Implement the Federation Treaty in the Komi Republic" of 23 December 1992	210,000.0
to implement Russian Federation Government Decree No. 551 "On Measures to Implement Russian Federation Presidential Edict No. 1045 'On Urgent Measures to Stabilize the Economy and Develop the Social Sphere in the Republic of Tuva' of 2 September 1992" of 15 June 1993	84,000.0
compensation for electricity tariffs in the Far East	850,000.0
to implement the program of priority measures to improve the environmental situation in Chapayevsk City, Samara Oblast	20,000.0
debt repayments to Russian Federation components	78,100.0
to implement the program for the development and preservation of the historic center of St. Petersburg	100,000.0
to develop Pushkin City, Leningrad Oblast	500.0
to develop Pavlovsk City, Leningrad Oblast	250.0
to implement the program for the development of satellite television and a space communications system in the Chukotka Autonomous Okrug	32,000.0
to carry out urgent measures to make provision for refugees in Krasnodar Kray	70,000.0
to finance construction of the capital of the Ingush Republic	50,000.0
to finance construction of a school in Borisoglebskiy Settlement, Yaroslavl Oblast	1,000.0

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	Millions of rubles
to complete construction of a school in Kremenki Settlement, Kaluga Oblast	3,000.0
to finance construction of an apartment block for citizens made homeless by the floods in Kurgan Oblast	2,000.0
to repay the additional expenditure incurred by the Republic of Dagestan as a result of changes to freight shipment routes brought about by the Chechnya events	90,000.0

Nationalization Seen as Sole Alternative to Bailout

MK3008080395 Moscow SEGODNYA in Russian 29 Aug 95 p 1

[Report by Andrey Grigoryev: "Banks No Longer Trust the Government"]

[FBIS Translated Text] Unlike the government, which stated on Friday [25 August] that the banking crisis had been resolved, people at major banks have more pessimistic views. SEGODNYA learned that a meeting of the managers of the leading banks was to take place at Inkombank's reception house at 2100 yesterday (those invited to the meeting included the chiefs of Vneshtorgbank, Imperial, Rossiyskiy Kredit, Mosbiznesbank, Sberbank, Menatep, Inkombank, and Most Bank). The agenda of the meeting focused on drawing up concerted anticrisis measures. In effect, they were to discuss, first, an appeal to the government and, second, a mechanism for paying off mutual obligations. The latter is impossible, however, without radical measures on the part the Cabinet of Ministers. As a matter of fact, by estimates of high-level Finance Ministry officials, the minimum amount of rubles required to contain the crisis is 5 trillion.

Sergey Rodionov, president of Imperial Bank, said that, unless the government reacted to the bankers' appeal, not only would speculative financial operations be paralyzed within two or three days, but all settlements in the economy would stop as well. Correspondent accounts of many banks have already been frozen by creditors' writs of execution, and any transfers have become useless — money is automatically written off. Given that, any discussion of a mechanism for paying off debts no longer makes sense even among the largest banks. Banks no longer trust each other. If they are to exchange bills, for instance, the government must first underwrite their obligations. In the view of the Imperial chief, the sole alternative to propping up the banking system with yet more government loans is to nationalize all banks.

According to Mr. Rodionov, the government officials responsible for economic policy have provoked the bankers' distrust by their actions. "I cannot believe Mr. Chubays — the government keeps moving the goal posts." Sergey Rodionov said that tax inspectorates had already prepared penalties for banks that formed reserves on loans before taxes under last year's government decree. After long arguments the procedure was abolished and the banks are threatened with considerable fines. A formal confirmation of the distrust was Imperial Bank's statement yesterday announcing its withdrawal from the consortium to credit the government.

The problem is that the positions of even the largest banks are far from similar, and measures that may be acceptable for some may prove to be absolutely inappropriate for others. For this reason we can hardly expect that yesterday's meeting yielded any positive results.

Central Bank Aide on Crisis Aversion, 'Blacklists'

MM2908133795 Moscow IZVESTIYA (Financial Section) in Russian 29 Aug 95 p 2

[Report by Ivan Zhagel: "Bank 'Blacklists' Provoking New 'Black Days'"]

[FBIS Translated Text] On Monday [28 August] it was even harder to assess the effectiveness of the measures taken by the government and the Central Bank of the Russian Federation at the end of last week to avert a crisis in the banking system. Operations on the interbank market remained virtually frozen. Many banks were not conducting transactions with their clients.

Nonetheless, this correspondent was told by Konstantin Shor, chief of the Central Bank Main Administration for Moscow City, that although the decision to allocate a centralized credit had been made Friday [25 August] afternoon, by Monday morning virtually all the money made available to the capital had been remitted to bank accounts. The credit committee looked at applications for loans from 11 banks, and four of them were approved.

In K. Shor's opinion, it would be a mistake to provide assistance to everyone just now, and, in any case, that is not the task facing the Central Bank. The critical situation in many banks has developed over a long period, and covering up for other people's blunders — or simply squandering money — would run counter to the logic of economic reform. Consequently, it is important to identify the key points of the crisis, to

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help viable banks, and thereby to break the chain of defaulting.

Although the Central Bank is not naming the banks to which funds have been allocated, it is known from reliable sources that a loan of 95 billion rubles has been issued to "Inkombank" — being almost one-third of the entire sum allocated by the Central Bank. It should play one of the main roles in reviving the interbank market. For its part, "Inkombank" has come up with the initiative of concluding agreements between the major banks to revive the market. This step can be seen as the start of coordinated action by Russian bankers which, in the opinion of specialists, may only produce results in 7-10 days' time.

At the same time, new problems are emerging. Thus, there have now been some rumors to the effect that the Central Bank's Moscow Administration has issued a "blacklist" of banks whose sorry fate has already been virtually sealed. K. Shor denied this report. He believes that someone is deliberately trying to destabilize the situation on the financial market and thereby make political, if not material capital out of it.

Incidentally, apart from these fictitious Central Bank "blacklists," there are also many other similar lists of banks circulating. One is ascribed to "Sinkobank," but it has not yet proved possible to obtain any accurate information tying the document to this particular leader.

On Monday the editorial office received yet another "blacklist," allegedly issued by "Promstroybank." But when I approached the bank, I was told that it was a forgery. Nonetheless, "Promstroybank" admitted that it had previously compiled a kind of handbook listing lenders in difficulties.

Whatever the case, the fact that "blacklists" are circulating en masse is cause for serious concern. This could paralyze interbank operations and give rise to mutual suspicions among bankers.

Exchange Rate 'Band' Extension Could Backfire

MM2908193195 Moscow IZVESTIYA (Financial Section) in Russian 29 Aug 95 p 2

[Article by Igor Doronin, Moscow Interbank Currency Exchange economic conditions adviser: "Exchange-Rate Band Incapable of Getting Monetary and Credit System Out of Crisis"]

[FBIS Translated Text] The announcement of the extension of the exchange-rate band has come at a time when the banking system is facing a severe liquidity crisis. You get the impression that the government's financial stabilization policy is implementing itself, and events on the money markets are developing by themselves.

For all the differences between these two events, there is, in our view, a definite link between them. The 6 July introduction of the exchange-rate band happened after a notable drop in the dollar caused by the significant sales of dollars on the foreign exchanges in May-June. The large sales of dollars made it possible to ease the ruble shortage, which had emerged after the government decided to refuse to fund the state budget deficit out of centralized credits. The rubles raised by the banks from sales of foreign exchange fueled the interbank loan and state short-term bond markets to a considerable extent. It was during this period that there was a drop in the level of interest rates on the interbank market and a fall in yields on the state short-term bond market. The state was able to fund part of the state budget deficit in the first half of 1995 through purchases of state short-term bonds by banks and their clients.

Understandably, this situation could not have lasted indefinitely. On the one hand, the banks and their clients did not have unlimited foreign-exchange funds, while, on the other, the dollar fell to a level where the interest in selling it declined notably. The decline in the level of foreign-exchange on offer led to an increase in the shortage of rubles. This started to be seen in the gradual rise in interest rates on the interbank lending market, particularly for overnight [sverkhkorotkiy] money, the rise in yields on the state short-term bond market, and the emergence of problems in placin new issues of state short-term bonds.

The reduced opportunities for speculating on yield differentials in money-market instruments increasingly revealed the fundamental problems facing many banks — the unsatisfactory structure of their banking portfolios, the presence of a large number of bad debts built up in the past, and the problem of repaying old loans.

It should be noted that the banks gave greatest preference in their lending policy to export-oriented sectors and the development of export-led production. And the loans were issued in hard currency. In the context of a falling dollar and continuing high domestic inflation the prospects for exports and, correspondingly, for the repayment of bank loans have been less and less certain — threatening to add new bad debts to the old ones. The problem of the exchange rate has become increasingly painful for both the banks and exporters.

The mounting ruble shortage has recently escalated into a liquidity crisis. In our view, the announcement of the extension of the band compounds the situation in the banking sphere. At any rate, it shows that the government and the Central Bank intend to continue with their

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exchange-rate policy. The aim of the announcement, it seems to me, is as follows — since the dollar will remain within a narrow framework until the year's end, holding dollars becomes unprofitable and useless, and those who have not yet gotten rid of their dollars should hurry to sell them.

But the actual effect could be just the opposite.

At a time of a mounting crisis of confidence in the banks it is becoming increasingly dangerous for ordinary depositors to hold funds in bank accounts. It cannot be ruled out that many of them will try to withdraw funds from the banks and convert them into hard currency — the traditional means of holding cash. As a result, there will be a new surge in the cash money supply and increased demand for hard currency, since the dollar is relatively cheap under current conditions. Transactions between individuals and corporate bodies, bypassing the banks, will increase. Thus, the money-supply situation could deteriorate still further.

The consequences for the state short-term bond market are very serious too. September will see the redemption of 11.5 trillion rubles' [R] worth of bonds, with the figure being R11.8 trillion in October and R13.6 trillion in November.

In this situation the "band" alone is hardly likely to be able to get the monetary and credit system out of crisis.

State Said To Blame for Money Shortage in Economy

MM2908131595 Moscow IZVESTIYA (Financial Section) in Russian 29 Aug 95 p I

[Article by Lev Makarevich, expert at the Association of Russian Banks: "Crisis in Interbank Market Threatens Extensive Upheavals"]

[FBIS Translated Text] The recent events in the financial sphere are like a blow to raw-material capital, the banks, and members of parliament, government, and other power structures related to them. A blow that has been precisely timed to coincide with the beginning of the election campaign, the budgets for which are now being urgently drawn up. It is hard to call this an accidental coincidence.

In the mounting election campaign other factions of industrial capital — industrial, agro-industrial, regional, and so forth — would like to make gains. They feel that the raw-material sector has pushed them aside from decisionmaking or access to state funding or tax, foreign economic, and other concessions, and the elaboration of legislation. Even within these groups there are constant conflicts of interest.

The attempt to revalue the ruble with a "soft" peg in a foreign-exchange band has played into the hands of producers, who have been forced to sell their products solely on the domestic market as a result of a shortage of resources and their lack of competitiveness.

The statement that the foreign-exchange band and other restrictions will make it possible to redistribute the profits earned by raw-material capital, which was hit by the artificial depreciation of the dollar, has been taken as a symbol of faith. In public awareness the raw-material sector is increasingly seen as a sector which does not value national interests. The political influence of the raw-material complex is hampering the prosperity of the country, contrary to world experience — in Kuwait, Saudi Arabia, the UAE, Mexico, and other countries.

A number of export-oriented raw-material republics and oblasts have not benefited from the provoked foreign-exchange crisis. They have stirred things up a lot in Moscow as a result of their independence and stubbornness.

Some of the business establishment have interpreted the authorities' "banding" decisions as another act in the war between state capital and the commercial banks. That conviction was strengthened by the sudden emergence of a blacklist of insolvent commercial banks which the Central Bank immediately disavowed, and by reports of the coming withdrawal of almost 100 banking licenses and of support for many chosen banks that are "working stably, well, and without getting involved in speculation."

But this deliberately overlooks the fact that it is the state — which is also an active player in the credit, stock, and foreign-exchange markets — that is to blame for the banks, the financial system, and the economy as a whole now being forced to operate in a situation where they are short of money. The authorities prefer to manipulate the money supply, rates, "bands," interest rates, and compulsory reserves. Instead of eradicating the main cause of the crisis and ruble weakness — the state monopoly foundations of the economy — and replacing them with civilized market foundations.

Is the state prepared yet again to service tens of thousands of enterprises that it will have brought to the brink of bankruptcy and prevented from privatizing normally if the banks go under? After all, it used to impose unprofitable, loss-making production on them in the shape of their dues for their formal freedom.

The impact of the recent measures in the financial sphere is far wider. Foreign economic consequences are also inevitable apart from domestic Russian consequences.

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Our CIS neighbors will experience difficulties. Particularly if their debts to Moscow are calculated in depreciating dollars but paid in hardening rubles. This will further complicate the range of problems with Ukraine, Belarus, Kazakhstan, the Central Asian republics, Azerbaijan, Georgia, and Moldova. Instead of centripetal forces, even more powerful centrifugal effects could emerge.

Despite the fact that the market for convertible currency in Russia is microscopic (it is estimated at $130-150 billion), and Russia's share of international trading and foreign-exchange operations is trivial (just tenths or hundredths of 1 percent), the IMF, the OECD, the European Bank for Reconstruction and Development, and other organizations are nonetheless seriously concerned about domestic Russian dollar inflation. It is undermining the U.S. unit's stability in those parts of the world economy which directly affect the republics of the former USSR. Investment and other programs for Russia are becoming senseless. Championing them has made an important contribution to the careers and success of a considerable number of prominent Western politicians and parties advocating the continuation of aid to Russia.

Government Further Tightens Monopoly Regulation

MK3008080495 Moscow KOMMERSANT-DAILY in Russian 29 Aug 95 p 2

[Report by Andrey Serov: "Gazprom Has Felt the Difference"]

[FBIS Translated Text] Viktor Chernomyrdin fears charges of protectionism with respect to Gazprom. Otherwise, KOMMERSANT-DAILY's sources from the company leadership believe, it is difficult to explain why the prime minister is pursuing a course toward tightening the tax regime established for Russia's largest monopolist. So far it is not clear how far the government will go in following this course: No final decisions were made at the Saturday [26 August] conference with First Deputy Premier Anatoliy Chubays. But the Economy Ministry's proposal to raise as of next year the excise duty on natural gas and to abolish Gazprom's stabilization fund is still topical.

Another reason for the prime minister's unexpected behavior is, apparently, the pending elections. Having promised broad sections of the electorate a fall season rich in various social benefits (increases in the minimum wage and pensions and in the salaries of employees in the budget sphere), in the spring the government sowed the seeds of the tax sprouts by raising the excise gas tax from 15 percent to 25 percent. As a result, in the first half-year alone Gazprom ensured more than 10 percent of the tax revenues of the federal budget, remitting approximately half its own capital to the treasury. By next year, the excise plan may be established at the 30-percent mark. Gazprom's financial experts fear that a jump to such a height will badly affect the concern's state of health.

Of course, a running start will be facilitated by cancellation of gas export duties, which are today 2 ECU's per 1,000 cubic meters. However, according to information from the same sources, this will not make up for the increased tax burden. Gazprom is even more sensitive to the authorities' intention to abolish the company's stabilization plan. People in the joint-stock company consider unreasonable the government's view that this fund could evoke criticism on the part of the IMF, which requires consolidation of off-budget funds. (It is with a view to averting this criticism that the stabilization fund, as a form of accumulating investment resources, is being abolished). The government does not object to resources being accumulated in former volumes. But this should be done in a different way — by increasing amortization deductions or a reassessment of basic assets.

Meanwhile, according to Gazprom's experts, this method of raising capital is hard to realize. The fact is that the stabilization fund in its present shape is formed as a result of a gap between the gas price on the foreign and the domestic markets. Although this source is gradually running dry owing to the growth of the internal price, with a simultaneous fall in the dollar rate against the ruble, it still ensures the company's investment needs. As for amortization deductions, they can be increased only at those Gazprom-controlled enterprises which receive high ruble profits. Their number could be sufficient, but the nonpayment problem is a hindrance: Consumers often delay payments for gas supplies. Furthermore, a substantial part of deliveries within the country — primarily for the household and the agriculture sector — have to be made at preferential tariffs.

Depletion of the stabilization fund can, according to Gazprom's experts, impede the development of gas extraction in the longer term. The reliability of gas transportation will also decline, and therefore delivery breaks can occur. Even worse, the contraction of investment resources will hit allied industries: metallurgy, construction, and other sectors, because at present they get the most of Gazprom's capital investments.

Company experts agree that the issue of the stabilization fund is in the end a question of distributing financial resources between the industrial and budget spheres. After abolishing the stabilization fund, the state will apparently take control of its assets by raising excise duties. Who disposes of monies more prudently — the tax-

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payer or the government — is almost a philosophical question. In the case of Gazprom, manageability apparently becomes a decisive factor. It is easier to collect taxes from a large enterprise: One decree ensures the receipt of huge sums into the budget. Considering this, one can understand the government's logic. The objective of ensuring the execution of the budget apparently justifies the means, but the danger is that the country's lifeless gas sector could be left on the battlefield.

Plans for Revenue From Privatization Described

MM2508153395 Moscow ROSSIYSKAYA GAZETA ("Departmental Supplement" Section) in Russian 25 Aug 95 p 9

[Report by Igor Ilin under the "Budget" rubric: "Three Sources, But You Cannot Slake Your Thirst. Goskomimushchestvo Still Hopes To Obtain the Planned 9 Trillion Rubles From Privatization"]

[FBIS Translated Text] Alfred Kokh, acting chairman of Goskomimushchestvo [State Committee for the Management of State Property], counts three main sources for replenishing the budget as a result of privatization, so he told journalists recently. First of all, there are the interregional money auctions, at which packages of shares in 136 enterprises are being floated and which will be held under the direct sponsorship of Goskomimushchestvo. It is a question, in particular, of packages of shares in "LUKoil," "YuKOS," and "Sidanko," 10 percent of the shares in the Integrated Energy System Russian Joint-Stock Company, 45 percent of Svyaz-invest, and large packages in metallurgical and chemical industry enterprises and timber holdings.

The auctions will begin in September. As is known, two packages of shares were put up at the auctions held by way of an experiment — 1.2 percent of the Integrated Energy System Russian Joint-Stock Company and 0.9 percent of "Rostelekom." They were sold at a price 50 percent above the current exchange quotations.

The second source is connected with an offer by a "consortium" of banks. In Kokh's opinion, this is not quite an accurate description, because a consortium is not a legal person, and Goskomimushchestvo is working with individual banks which are prepared to grant credits to the state on a surety of share packages. The acting Goskomimushchestvo chairman pointed out that the original "credit-surety" scheme has undergone certain changes, but the general outline remains as before. The essence of the changes is that Goskomimushchestvo has managed to introduce in this project "a very strong element of competition."

The right to participate in the deal will go to those banks which win the tender — they will give the maximum credit against a surety. The elaboration of the normative base of deals of this type is now practically ready, and the necessary documents will be forwarded to the government within the next few days.

In the future a bank which wins a tender will secure the right to act as an agent, in other words it will itself sell the packages in its temporary possession. If the bank succeeds during the period of possession in realizing the enterprise's potential, the price of the shares will increase significantly. Of the sum received, the bank will take part of the funds to repay the credit. The remaining sum will be transferred to the budget not in full but after deduction of sizable interest in commission, which will constitute the bank's profit. It is no coincidence that many applications to participate in the tenders are building up. Offers can come not only from Russian banks but also from foreign ones and, generally, from any financial structures which possess considerable capital.

Answering a question about the size of the funds that Goskomimushchestvo intends to obtain from the "credit-surety" operation, Alfred Kokh remarked that, compared with May, the situation has changed for the worse — the peak demand is over, and the overall liquidity of the packages has fallen owing to the reduction in money supply, and so it is no longer possible to speak of 9 trillion rubles but of 2 trillion.

Finally, the third source of budget revenue from privatization is regional money auctions, the plan for holding which was approved back in May. Here, despite certain problems, most of the planned funds have been received.

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International Affairs

Foreign Ministry Delegation Holds Talks in Croatia

LD2908131695 Moscow INTERFAX in English 1149 GMT 29 Aug 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] Kiev, August 29 (Interfax-Ukraine) — A delegation of Ukraine's Foreign Ministry led by Deputy Foreign Minister Volodymyr Khandogiy arrived in Zagreb on Sunday and visited the "North" sector, which is under control of United Nations Ukrainian peace-keeping contingent in Croatia, our correspondent was told at the ministerial press service.

Commander of the sector, Ukrainian Colonel Sergiy Mokrynets had given a briefing at the sector's headquarters to inform the delegation of the situation in the wake of the operation performed by Croatia's forces in Serbska Krajina. Special emphasis was given to humanitarian problems, those of refugees in particular.

The delegation also visited the headquarters of the Ukrainian peace-keeping battalion No 2 to discuss with its command the issues involved in the further participation of the Ukrainian contingent in the operations in Croatia under the UN auspice.

On August 28-29, the delegation has been involved in negotiations with the government of the Republic of Croatia, as well as talks at the UN headquarters in Zagreb.

Kuchma Offers Kiev Meeting

LD2908215395 Moscow INTERFAX in English 0847 GMT 29 Aug 95

[FBIS Transcribed Text] KIEV, Aug 29 (Interfax-Ukraine) — Ukrainian President Leonid Kuchma sent a special address to Croatian President Franjo Tudjman proposing to him that a meeting with the leaders of Yugoslavia and Bosnia-Herzegovina be held in Kiev.

Kuchma offered his services in the Balkan settlement. Ukrainian Deputy Foreign Minister Vladimir Khandogiy handed a letter with this proposal to Tudjman in Zagreb Tuesday.

The Ukrainian Foreign Ministry's information department told Interfax-Ukraine that Tudjman and Khandogiy had discussed the prospects of bilateral relations, settlement in former Yugoslavia and Ukraine's possible involvement in this process.

Tudjman thanked Ukraine for its participation in U.N. peacekeeping operations.

Belgrade Praises Stance on Balkan Settlement

LD2908201995 Moscow INTERFAX in English 1609 GMT 29 Aug 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] KIEV, Aug 29 (Interfax-Ukraine) — Belgrade praised Ukraine's position regarding settlement of the crisis in the Balkans during the Ukrainian-Yugoslav consultations in Belgrade on August 23-25.

Belgrade said it was in favor of increasing Ukraine's role in the international community's peace efforts, the Ukrainian Foreign Ministry's press center said in a press release circulated in the Foreign Ministry today.

The Ukrainian delegation was led by Deputy Foreign Minister Volodymyr Khandogiy.

During the consultations the parties said they were interested in broadening bilateral economic cooperation after the U.N. sanctions against Belgrade were lifted.

The Ukrainian delegation holds talks with the leadership of the Republic Croatia on August 28-29 and is also negotiating with the U.N. forces' headquarters in Zagreb.

Kuchma Seeks Britain's Help To Shut Down Chernobyl

WS3008110895 Kiev INTELNEWS in English 0007 GMT 30 Aug 95

["Special to IntelNews" by Valeriy Druzhenko]

[FBIS Transcribed Text] Kiev, Aug. 29 — President Leonid Kuchma asked British Prime Minister John Major to help Ukraine shut down the Chernobyl nuclear power plant, the INTERFAX-UKRAINE news agency reported Tuesday [29 August], quoting Ukrainian Foreign Ministry sources.

The appeal took the form of a letter delivered by Ukrainian Ambassador to Great Britain Serhiy Komisarenko to British State Foreign Minister Nicholas Bonsor [name as received].

The British government welcomes the Ukrainian decision to close down the Chernobyl plant, Bonsor said.

Bonsor said to the extent that the its [as published] economic resources allow, the British government intends to provide political, technological and financial assistance to Ukraine.

The parties also discussed the preparation for the scheduled visit of British State Foreign Secretary Malcolm

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Rifkind to Ukraine. Bonsor said that London is attaching great significance to the visit that could give new impetus to the development of Ukrainian-British economic and political relations.

National Affairs

Nationalists Warn of Threats Against Independence

WS2808101895 Kiev INTELNEWS in English 0953 GMT 26 Aug 95

[FBIS Transcribed Text] Kiev, Aug 25 — The Organization of Ukrainian Nationalists board and the Congress of Ukrainian Nationalists said Thursday [24 August] that Ukraine must guard against divisive forces inside and outside the nation.

Combating these forces is and will be remaining the main task of Ukraine for a long time, the groups said in a Hariacha Liniya news service report.

"Only after we defeat them and show the will to take power and reach national accord will we reach a normal life in an independent Ukraine," the groups said.

We are entering the fifth year of independence as a full member of the international community recognized by more than 150 countries, the groups said.

"The modern history of Ukraine has never experienced such a long period of the independence. But keep in mind the existing internal and external forces striving to destroy our statehood. In Ukraine, they include pro-communist and pro-Russian chauvinistic political forces standing for idea of 'the union restoration,' the international industrial-financial community whose representatives dream about 'integration into the economic union' and criminal groups viewing Ukraine's boundaries as a barrier for robbery. Seeking restoration of its former empire, Russia remains the principal foreign anti-Ukrainian force," the groups said.

Vice Premier Durdinets Cites Kiev's Crimean Stance

MM2908080295 Moscow ROSSIYSKAYA GAZETA (Weekend Edition) in Russian 26 Aug 95 p 10

[Article by Olga Vavilova: "Conclusions Drawn From Pogroms. Kiev Is Seriously Concerned About Crimean Problems, Which Ukraine Intends To Solve by Financial Injections"]

[FBIS Translated Text] Crimea — The subject of Crimea has rarely been off the newspaper pages recently. The Tatar "riots," which occurred in Sudak, Feodosiya, and adjoining areas, were provoked by a complication in the crime situation. The death of four Crimean Tatars and the retaliatory attacks on representatives of the law enforcement organs and entrepreneurial structures have forced Kiev to adopt resolute measures, even if it is rather late.

The Ukrainian Government commmission has concluded its work in Crimea. The document "On Measures To Solve the Political-Legal, Socioeconomic, and Ethnic Problems in the Autonomous Republic of Crimea" was published as a result. Ukrainian Government Vice Premier Vasiliy Durdinets, who is leading the work of the commission and at the same time chairing the Ukrainian president's coordination committee for combatting organized crime, deemed it necessary to comment on the results. At a conference in the Crimean Government, he expounded Kiev's position in detail and analyzed the situation. "The adopted decree," Vasiliy Durdinets stated, "constitutes a comprehensive program for integrating Crimea into Ukraine."

This statement in fact became the main idea which the Ukrainian vice premier insistently imposed on the Crimean leadership. The source of all misfortunes, in his opinion, is the total power crisis in the autonomous republic. But the deeper roots of the political and economic instability are to be found in Crimea's excessively slow entry into Ukraine's legal area, and the fact that some of its laws are not in line with current Ukrainian legislation. Furthermore, the Ukrainian side believes that the activity of the numerous, often unregistered, and therefore illegal, parties and public organizations is not helping to stabilize the situation either. According to existing information, the operation of 11 such associations has been suspended in Ukraine. As for Crimea, 450 public organizations and parties currently exist on its territory, many of which are destabilizing the situation. This is aggravated by the presence of the ethnic factor in Crimea and the ethnic problems connected with it.

Returning to the document adopted by Kiev, it must be noted that a significant part of it is devoted to solving Crimean Tatar problems. This includes two main spheres — the short term, with the provision of facilities and housing for those who have returned to Crimea, and the long term for those who want to return home but do not have the opportunity to do so at present. The main, and most painful, question as regards putting these into practice is funding.

An extra 2 trillion karbovantsi have been allocated for the provision of facilities for the Crimean Tatars. Seeing that this sum is clearly insufficient in today's times, Kiev has promised to increase its efforts in obtaining additional funds from elsewhere, for example with the help of attracting foreign investments from Turkey, Germany, and Bulgaria.

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At the same time, urgent work has begun on the Ukrainian draft law on the rehabilitation of those who were deported, as well as the elaboration of the declaration of the rights of citizens, legal entities, and historical communities, violated in the period 1918-1991, which Ukraine is planning to adopt in the near future. The Ukrainian vice premier paid special attention to the question of reviewing the cadre structure of the Crimean leadership with the aim of supplementing it with people who had originally been deported.

As for the criminal background long present on the peninsula's entire territory, then, having demonstrated admirable knowledge on this issue, Vasiliy Durdinets expressed the resolute intention to put an end to this in the near future. With this aim in mind, Kiev adopted a decision to give up sending individual landing parties of Ukrainian Ministry of Internal Affairs subunits, which are dispatched to Crimea to help the local militia. A sufficient number of subunits of the National Guard will simply be introduced to a permanent location on the peninsula, which will require another 1 trillion karbovantsi from Ukraine.

To make sure that the information on all these and other actions that have been undertaken is objective "to Ukraine," a decision has been adopted to create a Crimean Regional Section of the Ukrainian National Information Agency in Simferopol, "which will be entrusted with the functions of gathering and preparing for the mass media materials on events in the Autonomous Republic of Crimea and the formation of timely operational ties with the local press." At the same time, the prime minister [as published] expressed the hope that the adopted document will not turn out to be yet another "document awaiting implementation."

President Kuchma Speaks on Crime, Corruption

WS3008085195 Kiev IMENEM ZAKONU in Ukrainian 18 Aug 95 p 4

[Concluding speech delivered by President Leonid Kuchma at a joint session of the National Security Council and the Coordinating Committee for Fighting Organized Crime and Corruption; in Kiev on 3 August: "Outlined Goals Must Be Achieved"]

[FBIS Translated Text] Esteemed participants in the session!

I have no intention of formulating qualitatively new tasks for law enforcement agencies in my speech. I am convinced that we have determined the entire complex of measures necessay to launch an effective onslaught on the "fifth column," with the exception of certain specific and principally new problems about which I will speak later.

The problem is that for many reasons the majority of our plans are still only intentions which remain wishes and which are not being implemented in reality.

Today, during the speeches by chiefs of law enforcement agencies I brought up the issue concerning the tasks which were outlined earlier. And all of you had a chance to become convinced that these tasks are being implemented inefficiently.

Taking into account that recently a new wave of staff renovation has occurred, I will restrain myself from assessments. And I request that sessions of the boards of appropriate ministries and departments discuss in detail the process of implementing all the tasks which were previously determined by the president and that they undertake the most efficient measures for their complete implementation.

Heads of the General Prosecutor's Office, the Ministry of Internal Affairs, the Security Service, and I myself have to be directly reported to about the process of implementing every clause of the tasks, including the current ones, within a month.

In addition, I would like to underline that at present I do not see more tangible means of influence than a strict staff policy and strengthened discipline and responsibility.

This lever is going to be used fully.

Before I begin to discuss the specific and primary issues concerning increasing the effectiveness of fighting the "fifth column," I think it necessary to draw your attention to the following fact: We have not managed to actually limit this force's areas of influence. However, neither did mafia clans manage to expand their areas of control over the past year. During this period, we did not have large-scale incidents, for instance the ones connected with the issuance of state commodity bonds or the well-known "gasoline cases," in which governmental leaders were involved. We have discontinued in a timely manner the risky procedure of delegating the function of repaying the debt to Turkmenistan to the "Respublika" association. The problem of issuing government guarantees for foreign credits has been sorted out.

All the undertaken measures connected with the liberalization of pricing policy, the karbovanets exchange rate, the abolition of quotas and licenses for foreign trade activities, and the like have produced positive results.

The healing of the economy and the activities meant for its exit from the "shadow zone" will continue to be one of the priorities of our state policy.

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The law enforcement agencies' task is to generalize the existing negative experience, to single out the most unfavorable regulations regarding tax, foreign trade, and property relations — which have been determined by the state but which hinder the economic entities' proper activities — and make legal activities unprofitable.

Therefore, the generalization of the "fifth column's" features, its economic foundations, and the development of proposals concerning the liquidation of circumstances which facilitate society's criminalization remain the primary tasks for our law enforcement agencies.

So far, neither practice nor science have provided us with such analytical information.

I have already mentioned the established analytical centers. However, we do not see the results of their work. Neither the Presidential Administration nor the government have received any materials drafted by the aforementioned institutions. As far as I know, neither have law enforcement agencies received the expected assistance from those structures.

Another task is connected with the structural reorganization of our law enforcement agencies.

First and foremost, we have to decisively rearrange forces within the law enforcement departments themselves. Their structure is deformed: The central apparatuses are too big; there are no people to work in operational units in the provinces.

There are distortions in the upper levels of this system.

And finally, we have to understand that a low-cost law enforcement system costs too much. Taking into account the limitation of our material possibilities, we have to direct the basic funds to support only the effective units.

Recently, measures have been taken to improve the material situation of employees of the Prosecutor's Office, the police, and the Security Service. However, it is obviously not enough. We are going to seek additional material resources for these purposes.

Previous experience convinced us of the fact that our orientation toward creating investigative-operational groups was a proper one. We have to further support them and facilitate increasing their effectiveness. At the same time, however, we have to point out that the most serious cases examined by these groups were never handed over to courts. Naturally, the explanation provided here by the General Prosecutor did not fully satisfy anybody.

We cannot leave without giving an appropriate response to the fact that the chiefs of the departments are trying — as a rule — to delegate to work in investigative-operational groups not the best-trained investigators, but officers whose experience is limited to work in rayon-level bodies. There were instances when even apprentices were delegated to this responsible work.

Responsibility for the staffing of these groups and the quality of officers' work is placed upon the chiefs of the law enforcement agencies.

The analysis of the previous experience gives grounds to believe that it is necessary to conduct structural changes in organizing the system of central law enforcement agencies, the division of functions among them, and perhaps, the creation of a specific body for fighting corruption and organized crime. As a matter of fact, this idea is also shared by foreign experts who have much greater experience in fighting organized crime. At the time, entirely contradictory opinions and assessments were expressed in our press.

For this reason, we have to finally analyze this issue and determine the appropriate resolution.

The issue of staff training needs separate and particular attention. I fully agree with Academician Tatsiy, who maintains that in this area very strict state control should be instituted, particularly since currently there are attempts on the part of all kinds of institutions to train jurists. One cannot rule out that they are doing so with an eye toward their own plans.

I think it is necessary to recommend that the project of the state program for training jurist-experts be drafted by the Cabinet of Ministers jointly with the Ministry of Education, the Academy of Juridical Sciences, and law enforcement agencies within a period of one month. And after the approval of the program, we should analyze the activities of education institutions in terms of training personnel for juridical bodies.

In my opinion, there is an urgent need to inspect the institutions of higher education subordinated to the Ministry of Internal Affairs given that one can observe a trend toward the reorganization of these structures. There are currently 18 of them, while in the Soviet Union there were only 13. Soon, every single oblast will have this kind of institution.

However, what about their quality if they are created on the basis of secondary-level education institutions? Thus, we have corresponding results: We are losing the bases for training members of law enforcement agencies of the lower level, and we have no full-fledged institutions of higher education.

In my opinion, we should suspend the practice of creating "private reserves" for oblast police chiefs. And the sooner the better. The third task concerns moral and

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political aspects of work of special units for fighting corruption and organized crime.

We should provide not only material and technical-operational support for those structures. Particular attention should be paid to their moral atmosphere.

First, we cannot allow such a situation to occur when goals of any kind are used to justify violations of the law or of the procedural legal norms.

I have always emphasized that we must not transform the fight against organized crime into a short-term political campaign and hope for quick results.

Therefore, I would like to underscore once again the necessity to strictly observe the law, although we know that there are a lot of drawbacks and "loopholes" in it that hinder the fight against the most complicated economic crimes, racketeering groups, and the like.

We are objectively not happy with the development of the lawmaking process, although some progress has been achieved in that field thanks to efforts by law enforcement agencies and by a number of people's deputies.

However, nobody has the right to make up for the imperfect nature of the legislation by forceful methods. We cannot allow a situation to occur, when this noble fight would be conducted by illegal means. In that case, we would never be able to build a law-governed state.

We should also keep in mind that we are opposed by a powerful crime-oriented intellect. Certain representatives of the "fifth authority" perform administrative functions and, therefore, carelessness or any kind of drawbacks may be used against the law enforcement forces.

We should constantly pay attention to the moral purity of officers selected for work in operational-investigation groups. People with soiled hands should not be there, not to mention overt renegades. This is the only explanation for situations when information disclosed as early as the investigative stage is cited in the press, publicized, and sold.

We should take into account that — given wide-spread corruption and semi-legal activities by numerous officials — heads of units established to fight the aforementioned phenomena receive the opportunity to exert a special kind of influence on officials of various levels, as well as on economic and entrepreneurial structures. Certain heads of units, given the sensitive public attitude toward the necessity of fighting society's "mafiazation," display a desire to use their official positions to gain personal political capital. This is extremely dangerous, because in those kinds of situations people — instead of devoting themselves to everyday work — are preoccupied with creating their own images and become influenced by political movements. Therefore, the cause of a practical fight against particularly dangerous crimes is transformed into a political farce.

We have already been confronted with a number of such cases. They should be used to convince us of the necessity of a timely and ruthless neutralization of these cases.

The president has always guaranteed and will continue to provide guarantees that officials of all levels or even entire state institutions will not exert illegal influence on the activities of law enforcement agencies.

Justice and the law are the major principles which all of us — without exception — should follow. Those are the cornerstone principles which all of us should serve.

Politicians make decisions and should bear responsibility for them, in the event those decisions are not precise and justified. Political activists should apply the entire arsenal of non-forceful methods to solve conflicts. Law enforcement bodies should only be engaged if all other methods of resolving problems have been exhausted.

We have no right to use forceful methods to compensate for somebody's lack of experience and competence, or somebody's inability to think out the problem and compromise. We cannot shift responsibility for the mistakes made by state officials onto law enforcement bodies and specific people in uniform. We should not make scapegoats out of them under any circumstances.

However, the state leadership has the right to demand that when administrative bodies at all levels use the potential of law enforcement agencies, the latter should conduct their activities in a highly professional way.

Their professionalism includes the use of adequate force to effectively counteract violators of the law.

The events that occurred in Kiev on 8 July [during Patriarch Volodymyr's funeral] indicate that law enforcement bodies did not act highly professionally on that occasion. Appropriate measures will be undertaken based on results of instituted criminal proceedings.

At the same time, it is necessary that those people who plan and stage mass actions that run counter to the acting legislation, and thus demonstrate disrespect for the bodies of state power, realize that they intentionally provoke situations whose aftermath — under objective circumstances — may become tragic for certain people.

Finally, I would like to draw your attention to the situation in the provinces. I have underscored many times that we have five or six oblasts where the situation

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is almost beyond our control. Local bodies of power in those oblasts are virtually incapable of stopping and eliminating the dangerous criminalization of life.

Crimea has been singled out in this category as a zone of particular significance. The events in June [Tatars' clashes with gangsters] demonstrated that there is no adequate level of responsibility in Crimea.

Criminal groups influence the political situation in Crimea ever more dramatically. Not only can they produce tragic consequences, but they can also nullify all the previous successive efforts to achieve the general stabilization of the situation in the autonomous republic.

The aforementioned June events in Crimea demonstrated that Crimean law enforcement bodies could not efficiently neutralize large criminal groupings; they did not possess any operational means for influencing those groups; they could not prevent mass violent clashes; and were incapable of acting in emergency circumstances of mass antisocial actions.

The new leadership of the Interior Ministry and the Security Service should urgently resolve those problems. In the first place, we should ensure the full implementation of th planned stability-oriented measures in the provinces.

As was reported by Deputy Prime Minister Durdynets, the government's working group — led by Mr. Durdynets — has returned from Crimea. A list of coordinated measures to be taken by the Ukrainian and Crimean governments has been drafted, and tasks for law enforcement bodies have been outlined.

Currently, we should do everything to ensure their implementation, naturally without duplicating the functions of Crimean power agencies and administrative bodies. This task has been delegated to Ukraine Deputy Prime Minister Durdynets. Meanwhile, all other officials should realize that we will exercise a strict and businesslike control over that process. We have no time to passively observe the situation. This would amount to a crime.

We should attentively analyze the proposals to introduce a special procedure of law enforcement activities under the circumstances of a dangerous exacerbation of the criminal situation.

I request that the heads of power structures, along with Supreme Council commissions and the Ministry of Justice, examine the legal aspects of those proposals.

The speeches delivered by participants in the conference contained in-depth analysis of the new trends in the expansion of crime, as well as proposals on how to strengthen the appropriate efforts by law enforcement bodies. All those proposals will be taken into account when the draft resolution of our current joint session is finalized.

The realization of this task [as published] determines and will determine my actions. I have always demanded and will demand in the future an appropriate attitude on the part of law enforcement bodies toward organizing counteraction against the criminal world.

I anticipate that our actions will be coordinated and fruitful.

Thank you for attention.

Economic Issues

Government To Create Fund for Fuel, Energy Complex

WS3008110795 Kiev INTELNEWS in English 0007 GMT 30 Aug 95

["Special to INTELNEWS" by Serhiy Sokolovskiy]

[FBIS Transcribed Text] Kiev, Aug. 29 — With the country reeling from the impact of gasoline price increases and concerned about the availability of other critical fuels for the fall and winter, the Cabinet of Ministers has approved regulations creating a tax-supported stabilization fund for the fuel and energy complex.

The fund will be formed from a 15 percent customs duty, 20 percent excise duty on light oil products and from the 20 percent VAT on imported goods including oil products and gas.

Of these provisions, only the 15 percent deduction from the proceeds of goods being sold in Ukrainian territory, which was foreseen in the original 1995 budget but later blocked by Parliament, faces a political struggle.

Government officials say they vow to fight for these provisions when Parliament reconvenes in September, citing the urgent need to provide fuel for the coming months.

"While we were speaking about this fund over the past two months, commercial structures were busy with oil products business and actually created this fund having ensured themselves. That is the reason for the sharp price rise for oil products," Vasyl Hureev of the Economics Ministry said.

Hureev accused gas stations of profiteering and denied that the state-imposed value-added tax was to blame for the huge price increases at the pumps. He said that officials checking the price for 95 octane gasoline found that the widely criticized VAT accounted for only

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KBV28,000 [karbovantsi] of the current KBV95,000 price per liter. "Even if all taxes are taken into account, the trade margin is KBV55,000," he said.

Another criticism of the petroleum product VAT was that it had to be paid upon entry into customs, depriving enterprises of working capital.

As a result, the Cabinet on Aug. 22 decided to allow a 20-day tax deferment.

"The VAT was imposed as an answering measure to Russian introduction of duty on oil and oil products," said Volodymyr Ryzhov, presidential industry aide. "Russia set its course to force out Ukrainian oil-processing enterprises from our own market. Introduction of a 20 percent VAT on light oil products has smoothed the situation."

Economics Ministry experts said the price for gasoline would be stable as long as U.S. dollar exchange rates remain stable.

Crimean Energy Situation Critical Facing Winter

LD2908123995 Moscow INTERFAX in English 1149 GMT 29 Aug 95

[FBIS Transcribed Text] Simferopol, August 29 (INTERFAX-UKRAINE) — The situation around energy supply is nearly critical in Crimea now in face of forthcoming autumn-winter season, acting Prime Minister of the autonomy Arkadiy Demidenko, Crimea's Vice Premier, said at a joint meeting here on Tuesday of the Crimean government, parliament deputies and local council chairmen.

He underscored that the Crimean government will "have to halt the whole range of enterprises for all autumn-winter season long", or otherwise, "the situation may spiral out of control".

"The present situation in Ukraine and Crimea around energy supply gives us good reason to aptly say that — without wide-scale measures for lower electricity consumption in all spheres of life support, house-hold consumption included, without "evening switching off" of rural and urban regions; without reduction of working hours and broadcasting of state-run and commercial television channels; without the introduction of tough sanctions against entities and persons — bad debtors, as well as against the officials authorized to impose the sanctions — the state is bound to be under energy crisis", the Vice Premier was quoted as saying.

According to the Crimean Energy Committee, in August, electricity consumption and power quotas have been cut by nearly a quarter in Crimea comparing with last year's level. For example, on August 16, power quota was fixed at 647 megawatt, which is 200 megawatt down on the need.

At the same time, by August 27, the debt for electricity stood at 5.1 trillion karbovanets, and for oil and gas — at 4.5 trillion karbovanets.

A. Demidenko also told the meeting that "this year the Crimean government is unable to give subsidies to certain population strata who were earlier entitled to subsidies for purchasing fuel".

Macroeconomic Overview of First Half of Year

WS2808140695 Kiev INTELNEWS in English 0112 GMT 28 Aug 95

[From the "Economic Review" feature]

[FBIS Transcribed Text] NOTE: Figures quoted in this report reflect only performance of the official state sector. The shadow or unofficial economy is not represented.

Ukraine's June industrial production declined by 1.5 percent compared to May, according to a report from the Statistics Ministry. In May, industrial production fell by 1 percent over April.

The industrial drop in June worsened the overall economic picture. According to the report, industrial production in the first six months of 1995 declined by 13.6 percent compared to the same period in 1994. In January through April this indicator was 12.7 percent.

Budget

Consolidated (central and local) budget revenues totaled KBV [karbovantsi] 593.2 trillion in the first five months of 1995, while, overall spending in this period was KBV 690.3 trillion, leaving the consolidated budget with a deficit worth KBV 97.1 trillion.

Specifically, revenues from enterprise income tax totaled KBV 151.6 trillion, which is 25.6 percent of the total revenue in the period (down from 28.6 percent last year). Other revenues included the value added tax KBV 137.7 trillion or 23.2 percent (down from 24.1 percent), individual income tax KBV 36.4 trillion or 6.1 percent (down from 7 percent), excise duty KBV 13.4 trillion or 2.3 percent (down from 2.9 percent). Pension fund revenues were KBV 118.3 trillion or 19.9 percent (up from 17.8 percent).

Spending on social-cultural developments totaled KBV 279.8 trillion, about 40.5 percent (compared to last year's 33.7 percent) of total expenditures. Other expenditures included investments in the economy, KBV 95.3 trillion or 13.8 percent (down from last year's 24.2

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percent); pension fund expenditures were KBV [illegible]3 trillion or 17.4 percent (down from last year's 17.6 percent); defense expenditures totaled KBV 29.6 trillion or 4.3 percent (down from 4.4 percent) and Chornobyl expenditures totaled KBV 26.4 trillion or 3.8 percent (up from 3.4 percent).

The central budget revenues were KBV 357.8 trillion and expenditures were KBV 468.5 trillion.

Banking & Finance

Investment from banking institutions in the Ukrainian economy by June 1 totaled KBV 406.4 trillion, including KBV 225.6 trillion or 56.7 percent, which came from the National Bank of Ukraine and KBV 180.8 trillion, or 43.3 percent, which came from commercial banks.

During the first five months of 1995, commercial banks tended to issue more short-term credits instead of long-term ones. Out of KBV 180.8 trillion, total commercial bank credit investments, 87.9 percent (as opposed to 85.3 percent at the beginning of the year), or KBV 158.9 trillion were short-term loans. Long-term loans comprised only 12.1 percent (as opposed to 14.7 percent at the year's beginning) of the total sum, or KBV 21.9 trillion.

The indebtedness of Ukrainian enterprises to business entities in the former Soviet Union increased in the first five months of 1995. Accounts payable increased to KBV 174 trillion by the end of May, while accounts receivable increased to KBV 39 trillion.

Accounts payable between domestic enterprises and organizations in the first five month of 1995 rose to KBV 1,720 trillion, while accounts receivable increased to KBV 1,518 trillion.

Inflation

Wholesale prices of industrial goods rose 77.1 percent in the first five months, while in May alone prices increased by 7.1 percent. Specifically, fuel prices increased by 68.3 percent; ferrous metals by 66.1 percent; machinery products by 110.6 percent; lumber, wood and pulp products by 134 percent; light industry goods by 57.6 percent; construction materials by 109 percent; and food by 77.9 percent.

Inflation on the consumer market slightly grew, the report showed. Monthly inflation in June was 4.8 percent, up from 4.6 percent in May and down from 21.2 percent in January.

Industrial Performance

About 45 million tons of coal, Ukraine's main domestic energy product, was extracted in the first six months of 1995, 14.3 percent less than a year ago. Coke extraction in the same period was 15.7 million tons, 22.6 percent less than in the same period in 1994.

Oil and natural gas extraction is declining as well, according to the report. In the first six months of 1995, Ukraine extracted 2 million tons of oil, including liquefied natural gas and 8.9 billion cubic meters of natural gas. This is respectively 4.2 percent and 3.2 percent less than a year ago.

The oil processing industry declined by 11 percent in the first six months of 1995, compared to the same period in 1994. Industry's enterprises processed nearly 7.1 million tons of crude oil in the period.

Ukraine's six-month steel production statistics show a decline of 9.5 percent to 11.33 million tons. June's production of 1.91 million tons dropped from a May level by 11.5 percent. The rolled metal production in the first six months decreased to 8.35 million tons, down 0.8 percent from the same period last year. Ukraine produced 704,000 tons of steel pipes, down 0.5 percent from the last year's indicator. But lately the trend is positive as June production comprised 129,000 tons, rising by 25.3 percent.

Ukraine's electricity production declined by 2.7 percent hitting 98.5 billion kilowatts in the first six months of 1995.

From January to June, Ukraine produced 3,393 metal cutting tools, which is a 20 percent decline compared to the same period in 1994. Ukraine decreased output of diesel generators to 310 units, down 39.5 percent; 39,229 automobiles — a 38.4 percent decline and 6,591 tractors — a 20.4 percent drop.

The construction materials industry decreased output of cement to 3.56 million tons in the first six months of 1995, down 29.5 percent. Brick output declined 27.9 percent to 1.66 billion bricks in this period. But both branches showed growth in June, by 29.3 percent and 13.7 percent, respectively.

Farmers produced about 877,900 tons of meat and poultry in the period, 16 percent less than a year ago. The same indicators for milk and eggs are respectively [illegible]6,500 million tons (off 15 percent) and 2.26 billion eggs (off 13 percent).

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Consumer Market

Ukraine's consumer goods production fell by 22.4 percent in the first six months of 1995 compared to the same period in 1994.

Specifically, textile production dropped by 53.2 percent to 76.9 million square meters, shoe production fell by 46.5 percent to 10.9 million pairs.

The production of televisions declined by 70.4 percent to 139,000 units; tape recorders — by 43.7 percent to 67,700 units; refrigerators — by 13.4 percent to 255,000 units; washing machines — by 41.3 percent to 122,000 units; and radios — by 49.6 percent to 86,300 units.

Food production fell in the first six months of 1995 compared to the same period last year. Meat and meat products dropped by 12.6 percent, dairy products dropped by 44 percent, flour dropped by 12.6 percent, vegetable oil dropped by 7.7 percent, butter dropped by 16.8 percent and pastries dropped by 15.6 percent.

Ukraine's total retail trade turnover in the first six months of 1995 was KBV 628 trillion, including the country's retail stores (70 percent of the total), agriculture product market-places (12 percent of the total) and services rendered to the population (18 percent of the total).

In June alone the total retail sales throughout the country hit KBV 89.6 trillion, up 7.8 percent from the previous month. However, June retail turnover was down by 5.7 percent (in prices, adjusted to inflation) if compared to June 1994.

Living Standards

Average monthly earnings in June for those working in agriculture, industry and services, totaled more than KBV 2.82 million or US$18.8 in U.S. dollar terms.

An average monthly salary in Ukraine's state industry was KBV 5.3 million (more than US$35.3), up 12 percent in karbovantsi terms from May.

Food expenditures in six months increased 150 percent for an average family. Manufactured goods expenditures rose 90 percent in the period.

During the first six months of 1995, about KBV 347.9 billion was spent on unemployment benefits. The average unemployment benefit in August was nearly KBV 1.34 million (about US$8.93).

Foreign Trade

Ukrainian foreign trade turnover from January to May was US$7.82 billion, including exports worth US$3.61 billion and imports worth US$4.21 billion. The foreign trade deficit was US$595 million.

Ukraine's trade with the Commonwealth of Independent States in the first six months of 1995 saw exports total 46.9 percent and imports equal more than two-thirds the total.

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Belarus

President Signs 'Important' Edict on Bank Merger

WS3008085995 Minsk Radio Minsk Network in Belarusian 0300 GMT 30 Aug 95

[FBIS Translated Text] President of Belarus Alyaksandr Lukashenka adopted an extremely important resolution yesterday, one that will certainly change the climate of mutual relations between the state and the Republic's banking system. According to the Main Department of Sociopolitical Information of the presidential administration, Alyaksandr Lukashenka signed an edict on merging the State Savings Bank and the Belarusbank into one open joint stock company "Savings Bank-Belarusbank." Tamara Vinnikava was appointed head of the board of this new mighty bank. The new banking organization has to resolve a number of major tasks connected with the social protection of the population under the circumstances of reforming the Republic's economy.

Deputy Premier Pledges Reforms To Obtain IMF Credit

WS2908124795 Minsk BTK Television Network in Belarusian 1700 GMT 27 Aug 95

[Report on interview with Deputy Prime Minister Mikhail Myasnikovich by unidentified reporter; place and date not given; Myasnikovich speaks in Russian — recorded]

[FBIS Translated Excerpt] [Announcer] [passage omitted] Anxiety among our Western partners [over the recent Minsk subway strike] may affect a resolution of the IMF Board of Directors with regard to earmarking a stand-by credit to Belarus. The credit amounts to nearly $280 million, which is equal to 70 percent of our country's IMF capital quota. According to the Cabinet of Ministers, a program for achieving macroeconomic stabilization and speeding up system reforms has been worked out to obtain this credit.

[Myasnikovich] This program consists of two large segments. The first segment pertains to macroeconomic stabilization, while the second one comprises measures for implementing structural reforms.

What do we have in mind in the sphere of macroeconomic stabilization? We in the government have unequivocally resolved — and it is also a directive of the president, who personally monitors this issue on a permanent basis — that it is necessary to curb inflation. As of today, one may say that the inflation has been set within predetermined limits, and our citizens can satisfy themselves that there is no soaring increase in prices and that a sort of balance has been achieved between living standards, social protection measures, and the dynamics of prices. The second very important aspect concerns the budget deficit. We have agreed with the IMF — and appropriate indicators have already been set in an approved budget for the second half of 1995 — upon a 3.2-percent deficit, which will allow us to ensure necessary financial sources to finance both the budget and those programs and expenses envisioned for 1995.

Many analysts, economists, and those influencing political opinions and processes often assert that the IMF imposes its conditions on us and that those conditions cannot be accepted on the way of life by the Republic of Belarus and our people, because they do not take into account the specificity and structure of our economy. I want to categorically deny the opinions voiced by those people and say that the program of macroeconomic stabilization and structural reforms — which, in my opinion, will be supported by the IMF Board of Directors by necessary external funds — suits the interests of our state.

[Announcer] The stabilization of prices, which can encourage a recurrence of economic growth in the future, requires stringent financial discipline in enterprises, controlled money emissions, and the liberalization of the economy, which, in its turn, requires liberalized prices, a decrease in subsidies, the stimulation of domestic and foreign competition, and support for the process of privatization. By restoring the operation of investment funds, the authorities have actually fulfilled the IMF's last and most significant requirement. The rehabilitation of investment funds will certainly further privatization; but after the inspection of the organizations, the result was more distrust on the part of a passive population, which makes us conclude that the Belarusian program of privatization can be considered dead. What is the government's attitude toward this?

[Myasnikovich] I am of an opposite opinion: People will put more trust in those organizations which have been inspected quite deeply by appropriate commissions. [passage omitted]

Aide Denies Lukashenka Russian Duma Aspirations

LD3008084295 Moscow ITAR-TASS World Service in Russian 0727 GMT 30 Aug 95

[FBIS Translated Text] Minsk, 30 Aug (BELINFORM-TASS) — According to reports in some of the Russian mass media, in particular NTV, the president of Belarus has given his consent to stand for the Russian State Duma as a candidate for the Revival movement. Vladzimir Zamyatalin, deputy head of the presidential administration of Belarus, stated that to raise the question in this way is absurd. Consequently, such a question

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is not being considered and could not be considered by Alyaksandr Lukashenka, V. Zamyatalin stressed.

Moldova

Ukrainian Delegation Arrives For Official Meetings

AU2908130595 Chisinau INFOTAG in English 2030 GMT 28 Aug 95

[FBIS Transcribed Text] Chisinau, August 28 (INFOTAG) — On the invitation of the Moldovan Premier Andrei Sangheli, the Ukrainian Prime Minister Yevheniy Marchuk arrived to Chisinau today for an official visit at the head of a governmental delegation. During the day, the Moldovan and Ukrainian governmental delegations held an official meeting. Yevheniy Marchuk had meetings with his Moldovan counterpart, and with Parliament Chairman Petru Lucinschi. The guest delegation also met with representatives of local Ukrainian societies, and took part in an official opening of the Ukrainian Embassy in Chisinau. The delegation paid visits to several ministries and state departments to discuss bilateral cooperation and draft agreements to be signed during the current visit. The sides are planning to sign 13 agreements on cooperation in various fields. The most important of them are the agreements on avoidance of double taxation, on investment protection and promotion, on free trade, etc. The Moldovan side is going to raise the question of implementation of earlier-signed documents, Andrei Sangheli said. The Ukrainian Parliament has not yet ratified the Treaty of Friendship and Cooperation signed in October 1992. A series of other bilateral documents fail to be observed. Moldovans are planning to raise the problem of border demarcation and delimitation, and of Moldovan cargo transit via the Ukrainian territory. Chisinau is particularly interested in solving the problem, because Ukraine-imposed high transit charges make Moldovan goods too expensive, and they become non-competitive upon arrival to Russia.

Background Information: The Ukraine holds the second position (14.1 percent) in Moldova's external trade turnover. The volume of trade with the Ukraine increased by 23 percent in this year, and amounted to $90.9 mln.

Snegur To Extend Ties With Ukraine

LD2908124695 Moscow INTERFAX in English 1149 GMT 29 Aug 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] Chisinau, August 29 (INTERFAX-UKRAINE) — President of Moldova Mircea Snegur confirmed at the meeting on Tuesday with Ukrainian Prime Minister Yevheniy Marchuk that "Moldova intends to extend ties with Ukraine in all directions".

He spoke highly of the outcome of the first day of the Ukrainian Premier's visit to Chisinau, saying that "the visit is proceeding well, all the planned meetings have taken place".

M. Snegur recalled that Ukrainian and Moldovan leaders had found time for contacts during all the previous CIS summit meetings.

On August 29 the visiting Ukrainian Prime Minister is to chair the final plenary meeting between the Ukrainian and Moldovan teams. Around fourteen papers are to be signed.

Several documents not planned for signature earlier may be signed during this visit, INTERFAX-UKRAINE has learnt. In particular, this may be an agreement on the establishment of new check-points on the common border.

Marchuk Offers Help in Trans-Dniester

LD2808202495 Moscow INTERFAX in English 1706 GMT 28 Aug 95

[Report by Nikolay Zherebtsov and Andrey Petrovsky; edited by Vladimir Shishlin; from the "Presidential Bulletin" feature No. 163 of 907]

[FBIS Transcribed Text] Ukraine is ready to help Moldova settle the conflict in the Transdniester region, Ukrainian Prime Minister Yevheniy Marchuk said in Chisinau today.

Marchuk came to Moldova on a two-day official visit.

Marchuk said Ukrainian experts would come to Moldova in the near future and would help Chisinau to draft a law on the special status of the Transdniester region.

Marchuk said Ukraine hailed the request of the conflicting parties which had asked Kiev to contribute to stabilizing the situation in the Transdniester region. Marchuk said Ukraine wanted to maintain friendly relations with Moldova and was very interested in peace and stability in this neighboring country. He stressed that Kiev was going to develop mutually beneficial cooperation with Chisinau.

The Ukrainian delegation includes Foreign Minister Hennadiy Udovenko, Minister for Foreign Economic Relations and Trade Serhiy Osyka, Chairman of the State Committee on State Border Defense Viktor Bannyth, and Chairman of the State Customs Committee Leonid Derkach.

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During the talks Ukraine and Moldova intend to sign 13 documents, including the agreements on facilitating the customs control, on avoiding double taxation, on protecting and stimulating investments, on free trade, on repayment of debts and documents on the border between the two countries. (I Note: Ukraine was Moldova's second largest trade partner this year. Ukraine accounts for 14.1% of Moldova's overall export-import operations. Moldovan-Ukrainian foreign trade turnover rose by 23% in the first half of this year and amounted to $91 million.)

The Ukrainian and Moldovan government delegations will hold a joint session Tuesday. Marchuk will also meet with Parliament Chairman Petr Luchinskiy.

Marchuk will take part in the solemn opening of the Ukrainian Embassy in Chisinau on the same day.

Marchuk is to meet with Moldovan President Mircea Snegur Wednesday.

Agreements Signed; Visit Concludes

LD2908201595 Moscow INTERFAX in English 1609 GMT 29 Aug 95

[FBIS Transcribed Text] CHISINAU, Aug 29 (INTERFAX) — A Ukrainian government delegation led by Prime Minister Yevheniy Marchuk has ended an official visit to Kiev.

Thirteen agreements on cooperation in various fields were signed, such as agreements on free trade, on the promotion and mutual protection of investments, on the prevention of double taxation and of tax evasion and on guarantees of citizens' rights to pensions and a consular convention.

Prime Minister Marchuk told a news conference after the ceremony that Ukraine and Moldova already had about 50 agreements in various fields. He said there was a great potential for bilateral cooperation, as well as many problems requiring urgent solution.

Asked about border demarcation between Ukraine and Moldova Marchuk said that there were no serious problems, just as they were none in the matter of ratifying the treaty of friendship and cooperation concluded in October 1992.

President Snegur Reiterates PRCM Policy, Goals

AU2908124095 Chisinau INFOTAG in English 2030 GMT 28 Aug 95

[FBIS Transcribed Text] Chisinau, August 28 (INFOTAG) — A constituent congress of the new Party of Revival and Conciliation of Moldova (PRCM) was held in Chisinau on Saturday, August 26. A total of 904 delegates have been elected to attend the congress from all Moldova's areas, except the Hancesti and Cantemir areas. The forum's credentials committee have confirmed the plenary powers of 845 delegates who represented various layers of the population — heads of local power bodies, entrepreneurs, peasants, workers, national minorities. Moldovan President Mircea Snegur made the main report at the forum. The congress adopted the party's Program and Charter, a declaration, and elected party's main leading bodies — the Board of 81, and the Executive Committee of 21. Mircea Snegur has been elected chairman of the party. Academician Sergiu Radautan has been elected deputy chairman and head of the Executive Committee. The delegates have elected three more deputy chairpersons — Vyacheslav Protsenko, director general of the Seminte Association; Nicolae Andronic, ex-deputy chairman of Parliament; and Julia Esanu of the Chisinau municipality.

Moldovan President Mircea Snegur has stated that the Party of Revival and Conciliation "is to become a mass and influential political force able to provide for a political equilibrium, stability, accord and peace in the country which are necessary conditions for moving along the path of a stable human development".

Making the main report at the congress, Mr. Snegur has reminded that Moldova had managed to attain strategic achievements in the economy. Hoping to speed up reforms, in February 1994 the president called the electorate "to support the election of a majority in the Parliament which would conduct the course consistently, and would become a real force for a revival and accord in the society". "Unfortunately, that has not happened. A parliamentary majority and a ruling party are available in the republic. But the electorate's expectations have not been implemented in full", Snegur said. During the first 6 months in 1995, production fall in most sectors of the national economy has failed to be halted. The situation is particularly critical in industry. The production cost of agrarian goods has become so high that they cannot compete not only at Western markets, but even in the former Soviet republics. Economic agents have to purchase energy at prices substantially higher than the world level. At the same time, the economic agents are forced to sell their agrarian produce at quite symbolic a price, in most cases. "The paradox here is that certain organizations and firms in the energy sector are flourishing in such a situation". Instead of solving real problems, "the current leadership of the ruling party have been involving all-nation and local executive bodies into political battles seeking to distract public attention from the deepening economic crisis". Describing his position on the language problem, President Snegur said that

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"having submitted on April 27 a draft law on re-naming the official language, I was sure that — alongside with undertaking a great responsibility — I was also giving a real chance for the Parliament to correct their own mistake". In his opinion, the correct solution of the language name problem "will also allow to curb the militant ideologists of the ruling party who are seeking to broaden the abyss of artificial contradictions between intellectuals and the rest of the society". To implement their anti-national policy, "the ruling party leaders are ready to cooperate with the most reactionary and revanchist forces standing up for restoring the USSR", Mircea Snegur stressed. Defending the 11 members of parliament who quitted the Agrarian Democratic Party, the President said: "The definition of 'a runaway' is more applicable to those who in the hot August of 1991 were hiding outside the republic waiting for a suitable moment, to those who were scared to run to the nearest post office to send to the Moldovan people a telegram consisting of only three words — 'I am with you!'" "We believe, the activities of a government should be ones of an organ in charge of practical implementation of democratic and economic reforms, an organ that has given up the obsolete practice of authoritarian and uncontrolled distribution of material values, has given up administrative governance and excessive patronizing. The budget must be under real control of tax-payers", Snegur stressed. He has estimated as "quite understandable" the parliamentary majority's striving "to pull the power balance in favor of the Parliament, which exactly was fixed in the new Constitution". Snegur named as abnormal the fact that "the president is in fact deprived of prerogatives and competence necessary for performing his duties". That is why the PRCM stands up for Moldova's status of a presidential republic with a bicameral parliament. In the second section of his report, Mircea Snegur presented the main directions of the new party's activities fixed in its program.

The PRCM program approved at the party's first congress last Saturday has set an objective of transforming Moldova into a presidential republic. The program suggests also to improve the legislative power branch by establishing a bicameral parliament to consist of a chamber of deputies and a senate (chamber of representatives, i.e. of elected heads of urban and rural executive structures). The program consists of 11 sections: "The Policy of Revival and Conciliation", "The Strategy of Modernizing the Society", "The Policy of Developing Public Power Structures," "The Economic and Fiscal Policies" (with subdivisions into urgent and strategic measures), "The Policy of Developing Sciences and Advanced Technologies," "The Information Policy," "The Social Policy, Health Protection and Sports Development," "The Cultural Upbringing Policy," "The Ecology and Stable Human Development Policy," "The External Policy," "The Personal and State Security Policy".

The constituent congress of the Party of Revival and Conciliation has adopted a declaration containing a categoric protest "against the campaign of discredit unleashed against the new party". The document stresses that the wish of a group of citizens to establish a new party "has been subjected to fierce attacks by antidemocratic forces". That was expressed in discrediting President Snegur's legislative initiative concerning the official language name, in attacks against the group of members of parliament who quitted the Agrarian Democratic Party and its faction in the Parliament, in intimidating the PRCM constituent congress delegates, in organizing groundless inspections with an aim to collect compromising materials against them, in intimidating those people in the localities who have decided to join the new party.

"All this clearly demonstrates the intention of extremist forces to establish the rule of dictatorship, totalitarianism and intolerance against any alien political choice..." "And the analysis of totalitarian ideas, regularly published in the government-run press, clearly demonstrates the true face of the political extremism in Moldova", the declaration emphasizes.

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Kazakhstan

Nazarbayev Votes, Makes Statement on Constitution

LD3008092895 Moscow ITAR-TASS in English 0855 GMT 30 Aug 95

[By Amangeldy Akhmetalimov and Gennadiy Kulagin]

[FBIS Transcribed Text] ALMATY, August 30 (ITAR-TASS) — Kazakh President Nursultan Nazarbayev voted at the poling station in the Almaty friendship house for a new republican Costitution on Wednesday.

After casting his ballotting papers, he addressed Kazakh and foreign reporters, saying that the referendum is being held in a calm atmosphere everywhere. According to the Kazakh president, most Kazakh citizens understand that they vote for the good future of their country, for civil peace and ethnic accord in their common home.

Asked whether the new constitution will be the last one, the head of state replied that there is nothing last on earth in general. However, according to Nazarbayev's firm conviction, this Fundamental Law will operate for a long time.

It clearly delimits functions of the executive, legislative and judicial powers and regulates in detail relations between them.

Following the adoption of the Constitution, of which the president is sure, the republic will make substantial amendments to operating legislation on elections, on the basis of which a new bicameral parliament will be formed even this year.

Its lower house — majilis — will consist of 67 deputies from one-seat constituences, and the upper chamber — senate — will have two deputies from each of 19 regions of the republic as well as from its capital.

Another seven senators, appointed by the Kazakh leader, will be added to the forty elected. Thus, parliament will consist of 114 legislators, instead of 177 in the last one. However, Nazarbayev believes, the smaller number of parliament will not worsen its work but, on the contrary, will improve the operation of the republican legislature.

Nazarbayev Interviewed on Constitutional Referendum

LD2908212795 Moscow INTERFAX in English 0524 GMT 29 Aug 95

["Exclusive" interview with President Nursultan Nazarbayev by unidentified INTERFAX correspondent "on eve of the referendum on the constitution;" place and date not given]

[FBIS Transcribed Text] [INTERFAX] On the eve of the referendum you have visited some of Kazakhstan's regions and met with many people. What do people think about the new constitution?

[NAZARBAYEV] I'm convinced that the absolute majority of the population will support the constitution during the referendum, which can be seen from weekly opinion polls.

I have travelled to the East-Kazakhstan, North-Kazakhstan, Kokchetav, Akmola and Kustanai regions and talked to thousands of people. Nowhere did I feel any serious opposition to the constitution. Our citizens want their leaders to strengthen ethnic accord, political stability and discipline, and resolutely implement the reform.

This exactly is my ultimate goal. I think we have made considerable progress in the macro-economic stabilization over the past six months. Whereas in the summer of 1994 the rate of inflation stood at 30%-40%, in August 1995 it is lower than 2%; the bank rate on credits amounted to 350% and now amounts to 50%. The exchange rate of the tenge is relatively stable in relation to hard currency. Our gold reserve is increasing by 20%, monthly. Since the beginning of the year, exports have increased by 34% and their volume amounts to $680 million now, while imports decreased by $12 million. The rate of industrial decline has slowed down three times. Some of the industrial branches are showing monthly increases in the volume of output.

I think our economy will develop normally next year. But even the current tendencies inspire optimism. Privatization continues in high gear. Meanwhile, we have allowed more than 40% of our industry, above all large industrial enterprises, to be run by foreign companies. These enterprises are rapidly recovering. We are considering the possibility of selling these foreign companies a large part of the enterprises' shares — maybe up to 20%-30%.

We are steadily moving towards market economy. Incidentally, in the absence of a parliament we have created a solid legal foundation for implementing the reform. I have signed 40 decrees which have the status of laws, and also a tax code and the laws on oil, banking operations, bankruptcy, securities etc.

[INTERFAX] How will Kazakhstan's domestic and foreign policy change if the new constitution is adopted on August 30?

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[NAZARBAYEV] The basic principles of our domestic and foreign policies will remain unchanged. However, given the government reform it will be made more specific, and better coordinated and planned.

All our further steps will derive from the new constitution. We are to adopt a number of laws detailing its provisions, above all an election law which will allow us to elect a parliament this year. Then we shall adopt laws on government and on the legal reform, and the land code, and amend the civil code. All of these documents will be changing our every-day life.

I have instructed the government to draft a short-term plan for economic development until 1998 and 2000 jointly with international financial organizations, above all the World Bank and the European Bank. This document is to set forth measures to enhance the population's living standards at least two times, lower the annual inflation rate to 10% by 1998 and put industrial production on the rise by 1996.

[INTERFAX] Which provisions of the new constitution are criticized by the so-called opposition and how fair is this criticism?

[NAZARBAYEV] During the discussion of the draft which involved 3 million citizens, we have made around 1,200 changes and amendments which helped clarify the constitutional provisions. As to the basic principles of the constitution, they were criticized by a narrow and absolutely unrepresentative group of people motivated by their private interests.

Frankly speaking I feel sorry for this so-called opposition. They cannot put up with the fact that the time of rallies which pushed them to the political scene is gone, and that now one has to be competent, skilled and experienced to be a politician. Most of them were mere "foam" on the first democratic wave. Eventually they lost their democratic vigor but are still nursing their unimplemented ambitions.

Some argue that the constitution gives the president too much power. Yes, it does. Kazakhstan must become a strong presidential republic and continue to be so in the future. We shall fail to implement the reform if we remain a parliamentary republic, because we lack parliamentary culture and traditions and a well-developed multi-party system.

As to the fears lest authoritarianism might take root in Kazakhstan, they are unfounded. I oppose authoritarianism and am committed to democracy. The new constitution contains provisions which will not allow the presidential rule to evolve into authoritarian.

Undoubtedly, an orchestra must have one conductor who, at the same time, must not belittle the role of individual musicians.

The main guarantee of democracy is peace and stability, deeper reforms and efforts to combat corruption and organized crime. Weak authority will fail to establish any order. Moreover, it will foil the reform which has cost so dear. This is what life prompts. The final word, though, is to be said by the people of Kazakhstan.

Further on Nazarbayev Interview

LD2908152495 Moscow INTERFAX in English 0940 GMT 29 Aug 95

[FBIS Transcribed Text] ALMATY, Aug 29 (INTERFAX) — If a new constitution is adopted in Kazakhstan during the referendum on August 30 "an election law will have to be adopted, too, so parliament might be elected," Kazakhstan President Nursultan Nazarbayev told INTERFAX in an exclusive interview.

The Kazakh president dissolved the parliament in March 1995 after the Constitutional Court qualified it as illegitimate.

Nazarbayev said that laws on the government and on the legal reform, and a land code must be adopted, and the civil code amended.

"I have instructed the government to draft a short-term plan for Kazakhstan's economic development until the year 2000," said Nazarbayev. "This document is to set forth measures to enhance the population's living standards at least two times, lower the annual inflation rate to 10% by 1998, and set production on the rise by 1996," he went on to say.

Nazarbayev also said that the draft constitution had been criticized by "a narrow and absolutely unrepresentative group of people, motivated by private interests." These people "cannot put up with the fact that the time of massive rallies which once pushed them to the political scene is gone, and that now one has to be competent, experienced and skilled enough to be a politician," said Nazarbayev.

He said that the new constitution gives the president "great powers, because Kazakhstan must become a strong presidential republic." "Our country will need such form of government for a long time," he added.

"We shall not be able to implement the reforms being a parliamentary republic. We lack parliamentary culture and traditions, and a well-developed multi-party system," said Nazarbayev.

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Armenia

Foreign Minister, U.S. Envoy Discuss Karabakh

NC2908212095 Yerevan Radio Yerevan International Service in Armenian 1800 GMT 29 Aug 95

[FBIS Translated Text] A delegation headed by Ambassador Joseph Presel, a U.S. special representative at the OSCE Minsk Group, arrived in Yerevan on 27 August. The delegation plans to exchange views on a number of fundamental issues relating to the peaceful settlement of the Nagorno-Karabakh conflict and impart a new content to the negotiating process, a new round of which will be held in Moscow between 4-12 September.

The Foreign Ministry press service reported that the delegation headed by Ambassador Presel was received by Armenian Foreign Minister Vahan Papazyan on 28 August. Possible ways of bringing the sides' positions closer on fundamental problems relating to the settlement of Nagorno-Karabakh conflict were discussed during the meeting. A number of problems pertaining to the formation and deployment of peacekeeping forces and humanitarian issues were also discussed.

Samuel Brown, U.S. representative at the OSCE, was accompanying Ambassador Presel.

Deputy Foreign Minister on Baku's Demands

LD2908184895 Moscow INTERFAX in English 1609 GMT 29 Aug 95

[FBIS Transcribed Text] YEREVAN, Aug 29 (INTERFAX) — Armenian Deputy Foreign Minister Vardan Voskanyan believes Azerbaijan's demand that the town of Lachin be placed out of control of Nagorno-Karabakh "may bring to a deadlock the talks on the settlement of the Nagorno-Karabakh conflict."

In an interview with the Respublika Armenia newspaper he said Azerbaijan's demand that Nagorno-Karabakh troops be withdrawn from Lachin, which ensure the security of Nagorno-Karabakh while its political status is being defined, is the main stumbling block of the talks.

The only road that links Nagorno-Karabakh to the world through Armenia passes through Lachin.

Voskanyan stressed that Armenia's stand on the settlement remains the same: Yerevan favors establishing a permanent ceasefire and signing a political agreement which would provide for the pullout of troops from the Azerbaijani territories controlled by Nagorno-Karabakh (except for Lachin), deployment of peacekeeping forces and OSCE [Organization for Security and Cooperation in Europe] observers to the conflict zone, return of refugees and raising the blockade of territories.

As to the political status of Nagorno-Karabakh, "it will be defined by the OSCE Minsk conference," said Voskanyan.

President, Karabakh Leader Discuss Moscow Talks

NC2908200195 Yerevan Radio Yerevan International Service in Armenian 1800 GMT 29 Aug 95

[FBIS Translated Text] Armenian President Levon Ter-Petrosyan received Nagorno-Karabakh Republic President Robert Kocharyan on 28 August. According to the Armenian presidential press service, the talks centered on the Armenian side's position during the upcoming Moscow talks. Matters relating to the socio-economic development of Karabakh were also examined.

Official Russian Delegation Arrives for Talks

LD2908213195 Moscow ITAR-TASS World Service in Russian 1507 GMT 29 Aug 95

[By ITAR-TASS correspondent Tigran Liloyan]

[FBIS Translated Text] Yerevan, 29 Aug (ITAR-TASS) — The Armenian president has appointed Gagik Shakhbazyan new head of the republic's state delegation for talks with the Russian Federation. It is precisely in this capacity that the Armenian minister for links with the CIS, the European Union, and international economic organizations started talks with Russia's state delegation here today. Before the talks started as a plenary session the Armenian minister voiced the hope that the two countries' delegations would arrive at a common denominator on all the issues on the agenda. This meeting, the head of the delegation told ITAR-TASS, covers a wide range of issues, from regulating mutual relations between the two states in the spheres of science, technology, and culture to the legal status of citizens, ownership issues, and defense matters.

In his turn, Vsevolod Oleyandrov, head of the Russian state delegation and special envoy of the Russian Foreign Ministry, said that work to expand the legal basis of bilateral friendly relations would continue.

Delegation Participants Named

NC2908191795 Yerevan Radio Yerevan International Service in Armenian 1800 GMT 29 Aug 95

[FBIS Translated Text] A Russian state delegation arrived in Yerevan on 28 August headed by ambassador for special missions Vsevolod Oleandrov. The delegation includes Aleksandr Smirnov, Russian minister and plenipotentiary representative of the interstate economic commission; (?Petr Kozhelnikov), deputy interior minister and lieutenant-general of justice; Lieutenant-General

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(?Vladimir Kuznikov) head of the engineering troops of the Armed Forces; (?Valeriy Krishnev), deputy foreign minister; and high-ranking officials and experts from other ministries.

The delegation will stay in Armenia until 1 September. This testifies to the fact that there will be contact and talks on a broad range of issues.

In reply to reporters' question, Oleandrov underlined that the visit was proposed by the officials involved in the talks to deepen bilateral ties between Russia and Armenia in all the fields of interstate cooperation.

Yerevan Accuses Azerbaijanis of 28 Aug Shooting

LD2908185095 Moscow INTERFAX in English 1704 GMT 29 Aug 95

[FBIS Transcribed Text] YEREVAN, Aug 29 (INTERFAX) — Armenia said Tuesday that Azerbaijani forces opened fire the day before on Armenian troops positioned along the border between the two former Soviet republics.

Armenian positions outside the village of Bartsruni in northwestern Armenia's Vaik district remained under fire from heavy machine-guns and small arms for 50 minutes Monday evening, according to an Armenian Defense Ministry release.

"With return fire the Armenian forces silenced the enemy. There were no casualties," said the release, obtained by INTERFAX.

The ministry said Armenian troops stationed along the border, especially those positioned along its northern and northwestern parts, had recently been under Azerbaijani fire practically every day.

The release denied media reports that two Armenian soldiers had been killed during the attacks.

INTERFAX has not yet been able to obtain Azerbaijan's version of the events.

Yerevan Blames Azerbaijan for Truce Violation

LD2908170395 Moscow ITAR-TASS in English 1446 GMT 29 Aug 95

[By Tigran Liloyan]

[FBIS Transcribed Text] YEREVAN, August 29 (ITAR-TASS) — The Armenian Defence Ministry today issued a statement which blames Azerbaijan for "attempts to wreck efforts of various international organisations aimed at peaceful settlement of the Karabakh conflict."

The statement says regular breaches of a truce by Azeri forces on northern and northeastern stretches of Armenia's border with Azerbaijan have been recently accompanied by open build-up of military hardware and troops.

The Armenian Defence Ministry said Azerbaijan is abusing compliance of Armenian armed forces with written and spoken commitment to the truce.

The Armenian ministry places all responsibility for truce violations on the Azeri side which the statement says is continuing shellings of the Karabakh enclave from Azerbaijan's Kazakhsky and Kedabeksky districts and regrouping troops in the Azeri Nakhichevan autonomy.

The statement also says the Azeri side repeatedly violated the truce last Sunday by using tanks in a bid to crush Armenian defensive positions in the direction of Armenia's Krasnoselskiy district.

Border Comes Under Fire From Nakhichevan

NC2908190495 Yerevan Armenia's Radio First Program Network in Armenian 1700 GMT 29 Aug 95

[FBIS Translated Text] The Defense Ministry reported yet another incident yesterday on the southwestern sector of the Armenian-Nakhichevan border. The Azerbaijani side opened 50-minutes of fire from large caliber machine guns and various firearms on the defensive positions of Bardzruni in Vayk as of 2300. There were no casualties. The Armenian Army subunits forced the enemy to stop the fire. As of 1700 today, the rest of the border was peaceful, no incidents took place.

According to reports from Stepanakert, the cease-fire is being observed on Karabakh fronts.

Bagratyan, Iranian Ambassador Criticized

954F3225A Yerevan GOLOS ARMENII in Russian 19 Aug 95 p 1

[Article by Narek Mesropyan: "How Do the Caesars of Our Day Decide?"]

[FBIS Translated Text] No newspaper has devoted to me as many "eulogistic" words as HAYK, the semi-official organ of the AOD [Armenian Pan-National Movement] ruling party. Nor do I, I confess, remain in its debt. This is simply how we have lived in recent years. What they find on our pages, I do not know: They do not comment on all our material in their characteristic didactic style. I, however, a long-standing devotee of the biographies of famous people who have made their mark on the history of mankind, am reading in HAYK an epistemic novel of Arirun Pepanyan, editor of the newspaper, on Julius Caesar and am also familiarizing myself with the views of our present Caesars on Armenian life in the immediate and

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distant future. A very interesting occupation, I can tell you. See for yourselves.

Complaints Are Destroying Us

Prime Minister Bagratyan recently held, as we know, a news conference, an account of which was published in all the papers. Including, understandably, HAYK also. But, as distinct from the others, this paper put to the prime minister its very pointed questions not smacking at all, as quite recently, of servility. The newspaper's correspondent accused Bagratyan of, first, contrary to the principles of the adopted Constitution, punishing his people, depriving them of electricity, and, second, of giving no thought to how people in the republic with a minimum wage of 540 dram, the majority of whom are socially unsupported, are to pay for the insane rates for municipal services. Bold, frontal questions, there's no denying.

Bagratyan, who had prior to the elections tilted repeatedly in the direction of a philosophical conceptualization of the economic reality surrounding us, was on this occasion the height of brevity: In order to cope with all these adversities, we need to become rich, and to become rich, we need to work hard, create wealth, and complain less. Thanks to the newspaper, a formula was thus found for our possible good fortune for the coming period of a strengthening of market relations in Armenia. Had we complained less all these past years, we would now, apparently, be far richer.

It's a wonder that this simple truth did not occur to us earlier. You live and learn, as they say... from Bagratyan, who, of course, wants, oh, so much, to lead a quiescent people.

With Whom Else Do We Have Common Blood?

I also learned another piece of news (there were several simultaneously) from HAYK. On this occasion by having read an interview with Hamid Reza Nikkar, ambassador extraordinary and plenipotentiary of the Islamic Republic of Iran in the Republic of Armenia. To tell the truth, having read the first lines of the interview, I had great doubts as to whether a diplomat could have said such things, but it can't be helped: What is written by the pen cannot be felled by the ax. And for this reason I shall merely quote the translation of several of Nikkar's remarks, leaving comment for the future (I have the feeling that there will unfailingly be a refutation in this connection).

To the HAYK correspondent's question as to which country the esteemed ambassador could name as Iran's economic rival on the Armenian market, Mr. Nikkar replied:

"No country as yet. Have you seen even one rival throughout our entire history? In the sense of economic relations, our presence in Armenia pursues no economic goal either. Our purpose is to alleviate the people's concern and to help them. Have you found in your entire history if only one partner who could help you alleviate your difficulties? If you have such a partner, name him, and we will get to know him...."

This could be continued (it is all subsequently sustained in the same spirit). But I shall dwell merely on one postulate of the gentleman ambassador, since it sounds oddest of all; it is, I confess, astonishing, even.

So, then, the ambassador explains Iran's disinterested assistance by the fact that we are **one nation living in two countries.** Guided by it is not known what considerations, HAYK emphasized this thought particularly, headlining it and repeating it twice on two pages.

Lacking the opportunity to ascertain from the gentleman ambassador personally what he had in mind and not finding in HAYK an explanation in this connection, I am forced to beat my breast and maintain that, granted all my respect for the Iranian people and their most enormous contribution to world civilization, I do not consider myself a Persian. Arguments on this score would go too far, and I shall for this reason confine myself merely to a brief question. As we know, the International Monetary Fund is also helping us, and greatly. What would we call ourselves were the IMF also to announce tomorrow that we are consanguineous?

P.S. As far as the HAYK chief editor's "Julius Caesar" novel is concerned, we shall share our impressions following the completion of its publication. In a year or two.

Report Examines Pace of Privatization

AU2908145295 Kiev HOLOS UKRAYINY in Ukrainian 28 Aug 95 p 5

[Report by Vigen Sarkisyan, HOLOS UKRAYINY correspondent, from Yerevan: "Privatization Is Gaining Momentum"]

[FBIS Translated Text] Over the five months since the beginning of privatization of industrial facilities in Armenia, 26 enterprises worth 10 billion drams ($2.5 million) have been denationalized. This implies that 500,000 privatization certificates have been used. A total of 2.2 million privatization certificates were distributed among the population. It was said earlier that the certificates would remain valid until the end of the current year, but their validity has now been extended until full completion of the privatization process. At first, one certificate cost $25, then $50, and now —

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$65. It is true though that, as before, they are bought up on the black market at ridiculously low prices — $6 apiece. Enterprises rate even lower. It was probably for that reason that, for example, during the privatization of the mineral-water factory, the authorized capital stock was exceeded by a factor of 51. In the case of a brewery, this index reached 450 percent, and in other cases at least 200 percent.

At present, 209 large and medium-sized industrial enterprises are in the stage of privatization. Of them, 44 will be put up for auction. By the end of the year, the number of privatized enterprises will reach 700.

Azerbaijan

Russian Border Service Head's Statements Refuted

954F3257A Baku ZERKALO No 31 in Russian 26 Aug 95 p 8

[Interview with Nizami Gadirov by Nurani; place and date not given: "'There Is No Treaty With Russia on Joint Border Protection, Nor Can There Be.' The Chief of the Azerbaijan Border Forces Main Staff Refutes the Director of Russia's Federal Border Service"]

[FBIS Translated Text] The pretext for our meeting with Nizami Gadirov, acting chief of the Azerbaijan Border Forces Main Staff, was an interview with Colonel General Andrey Nikolayev, director of the Federal Border Service of the Russian Federation, published in the newspaper ARGUMENTY I FAKTY. It could be concluded from what the chief Russian border guard had to say that an agreement on the joint protection of the external borders of the CIS between Russia and Azerbaijan is being made ready for signing.

[Nurani] Reports have been encountered in the Russian and, sometimes, in the Azerbaijani press in recent months that an agreement on joint border protection between Russia and Azerbaijan is being prepared for signing. To what extent does this correspond to reality?

[Gadirov] There is no treaty between Russia and Azerbaijan on joint border protection, and there are no plans to sign such. The preparation of an agreement on border issues as a whole, incorporating questions of interaction in the guarding of the border is another matter. Such treaties are concluded between all countries with a common border: Controversial matters, incidents, and so forth arise on any border. It is for the resolution of all the problems that arise that such agreements are concluded. And an agreement on border issues between Russia and Azerbaijan is, indeed, being prepared today. But we are not talking about, nor can we be, joint border protection.

[Nurani] We are familiar from Soviet times with the "border zone" concept: a strip along the state border which could be entered only with a special pass. Is there such a zone in Azerbaijan?

[Gadirov] The corresponding decrees of the government and the State Border Act define the border zone in Azerbaijan. But for citizens of Azerbaijan, entry into its territory is unrestricted, and it is sufficient merely to be carrying an ID. No special passes are required. For citizens of other states, their presence in the border zone has to be justified.

[Nurani] Charges against our country of the Chechen combatants being supplied with weapons and ammunition via Azerbaijan have been encountered in the Russian press in recent months. Not that long since, the papers carried your refutation of the latest such accusations. Did this have any effect on Russia?

[Gadirov] Both on the last occasion and earlier, when a report on the crossing of the Azerbaijani border into Russia of three truckloads of weapons appeared, we requested repeatedly that the Russian side undertake a joint investigation of the incident. In both cases, citizens of Russia were detained with the weapons. In the attempt to transport three truckloads of weapons the vehicles were detained on the territory of Russia and were Russian property.

We asked the Russian side to show us some official papers—it is for such cases that the institution of border commissioners exists. But our requests went unanswered. Azerbaijan has regularly notified the Federal Border Service of Russia of the wrongful actions of its citizens, servicemen included, in respect to violations of the state border. On 27 April 1995, for example, on the territory of Khachmasskiy District we detained in an attempted illegal crossing of the border a group of officers of the Russian Ministry of Internal Affairs' special Kobra Subdivision, who were intent on performing operational-investigation activities on the territory of our country without the corresponding permission.

Another instance: On 15 May Russian customs officers, carrying TO&E weapons, illegally crossed onto the territory of Azerbaijan and began to examine motor vehicles on our territory. In addition, a group of Russian border guards in a state of intoxication illegally penetrated the territory of Azerbaijan and, brandishing their weapons, demanded food and drink from the local inhabitants....

In both cases, the intruders were detained and handed over to the authorities of Russia and the appropriate Russian services were officially notified of the incidents. But not once have we received from the Russian border

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guards any information concerning the illegal actions of our citizens.

[Nurani] Have there been instances of the attempted conveyance of weapons or narcotics from Russia to Azerbaijan?

[Gadirov] There have been no attempts to ferry across large consignments of weapons from Russia to Azerbaijan, but citizens carrying weapons without the proper papers are detained at the border not that infrequently. There have been many instances of citizens of third countries attempting to cross the Russian border into Azerbaijan being detained on our border.

[Nurani] I have also heard it claimed that there is a major transit of narcotics via Azerbaijan into Russia....

[Gadirov] We recently received a report on the drug smuggling situation. Of the more than 1.5 tonnes of narcotics confiscated at the internal borders of the CIS (more than 250 instances), fewer than three kilos (two instances) were confiscated at the Azerbaijani border. Only in one instance was the smuggler a citizen of Azerbaijan, and he had on him 120 grams of narcotics. So compared with other states, we are in one of the last places. As far as Russia is concerned, more narcotics are brought from there into Azerbaijan than in the other direction.

[Nurani] It has to be remembered also that a considerable part of the Azerbaijani-Iranian border is today under the control of Armenian occupation forces. Has Azerbaijan raised this matter at the corresponding multilateral meetings within the framework of the CIS, and what has Russia's reaction been?

[Gadirov] This matter has been raised repeatedly, and the commander of Azerbaijan's border forces issued the corresponding statement at a session of the Council of CIS Border Force Commanders. We were supported by Ukraine, Turkmenistan, Kazakhstan, and Georgia. The Russian border guards, however, declared their readiness to help in liberating the 130 km of the Azerbaijani-Iranian border today captured by Armenia, but provided that it subsequently switch to the control of Russian border guards. We could not agree to such a formulation of the issue and declared: If you are undertaking to help us on this issue, that means that you have the keys to a solution of the problem.

[Nurani] Are the Russian border guards continuing to put up obstacles to the transportation of freight into Azerbaijan?

[Gadirov] Despite the fact that the Government of the Russian Federation adopted a decree on the lifting of the restrictions, the border guards refer to the fact that they have not yet received the corresponding instructions from the leadership or point the finger at the customs officers, and they, in turn, at the border guards. As a result, negotiations lasting a week have to be conducted to get two or three trains across the border.

[Nurani] And the final question. It is not often that a state has to create actual borders. Today Azerbaijan's external borders with other Union republics have become state borders. And if the border with Armenia has today essentially become the front line, what will Azerbaijan's new state borders represent: an imaginary line which exists only on a map or an "iron curtain" as per the example of the borders of the former USSR?

[Gadirov] There is an agreement currently between Azerbaijan and Georgia, on the basis of which a state commission for border demarcation is operating. Border control checkpoints have been created in the main directions of the traffic in motor transport and on the railroads. Such questions concerning the Azerbaijani-Russian border should be part of the agreement on border matters that is being prepared, but a border demarcation commission is already operating there also. In the section of the sea border with Turkmenistan, we have a plan for the interaction of the border craft. The procedures on the borders with Iran and Turkey are regulated by agreements concluded back in Soviet times. As far as the "buildup" of the border is concerned, we have to understand, if we wish to build a civilized state, that there are no such installations on the borders in the civilized world. There are merely checkpoints. Normal, law-abiding citizens who wish to come to our country with good intentions should enter our house through the door, not through the window or over the fence. And we are not planning to build wire entanglements. There will be gates and posts, of course, but the border procedures will be more conducive to civilized relations.

Georgia

Reportage on Assassination Attempt on Shevardnadze

Previous Warnings Issued

LD3008075295 Moscow ITAR-TASS in English 0725 GMT 30 Aug 95

[By Tengiz Pachkoria]

[FBIS Transcribed Text] TBILISI, August 30 (ITAR-TASS) — Reports about the preparation of an act of terrorism against Eduard Shevardnadze were coming during the past two months, and the Georgian leader, as well as his bodyguard service, were kept informed about them, Igor Georgadze, head of the Georgian

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Security Service, said on Georgian TV today. He, Georgian Defence Minister Lieutenant General Vardiko Nadibaidze and Deputy Prime Minister Bakur Gulua returned to Tbilisi from Moscow last night, where the representatives of the Georgian leadership were staying since August 29. They intended to take part in the Georgian-Abkhazian talks, scheduled for today.

Georgadze said that they had received a report about the attempt on the life of Shevardnadze, when they had been staying in Moscow, and had immediately flown to Tbilisi.

According to Georgadze, prompt measures were already taken last night for investigating the act of terrorism, staged on Tuesday night in the yard of the parliament building. Georgadze was going to meet Shevardnadze today in the morning, whose sanction is needed for taking a number of additional measures for investigating the case and routing terrorism.

"Special anti-terrorist measures will be taken jointly after consultations with senior officials of the Public Prosecutor's Office, the Interior Ministry and the Defence Ministry of Georgia," the head of the Security Service said. He stresed that a number of people, suspected of terrorism, might be arrested today.

Security Chief Reportedly Dismissed

LD2908190995 Moscow NTV in Russian 1800 GMT 29 Aug 95

[FBIS Translated Excerpt] [passage omitted] The Georgian government held an emergency sitting. Armored equipment has been brought onto the streets of Tbilisi, and security has been stepped up at major installations.

It should be pointed out that at a recent conference with the law enforcement bodies, Eduard Shevardnadze harshly criticized security service chief Igor Giorgadze, and demanded that all acts of terrorism carried out in Georgia be solved. And then the head of state asked: Does it need an act of terrorism against Shevardnadze for the security service to get its act together?

According to unconfirmed reports, yesterday evening the head of state signed a decree dismissing Igor Giorgadze.

Shevardnadze Speaks Following Attack

LD2908183595 Tbilisi Radio Tbilisi Network in Georgian 1710 GMT 29 Aug 95

[FBIS Translated Text] Another terrorist act took place in Tbilisi today. At 1837 [1337 GMT], as MPs were leaving Parliament at the end of a sitting and heading for the Palace of Young Students to take part in a signing ceremony for the newly-adopted Constitution, a car exploded outside the Parliament building. As a result of the terrorist act, the chairman of the Georgian Parliament and head of state, Eduard Shevardnadze, was slightly injured. This is what Mr. Shevardnadze had to say several minutes after the explosion.

[Beginning Shevardnadze recording] They are (?villains) and terrorists. This was their last attempt, their last attempt to commit a terrorist act. These miserable and pitiful people have even failed in that. I am sure that Georgia will settle scores with terrorism.

They want very much to turn Georgia into a terrorist country, so that the mafia can be in control and rule the country. They will not get it, they will not achieve it. Georgia is ruled by a legitimate parliament and popularly-elected deputies. And Georgia is ruled by a popularly-elected president [as heard]. That is it. Whatever they try to do, mafiosi and criminals will not come to power in Georgia.

That is what I wanted to tell our TV viewers. [end recording]

Shevardnadze Comments Further

LD2908160595 Moscow ITAR-TASS in English 1531 GMT 29 Aug 95

[By Tengiz Pachkoriya]

[FBIS Transcribed Text] TBILISI, August 29 (ITAR-TASS) — Georgian leader Eduard Shevardnadze said that today's blast near the parliament building was a part of the attempted assasination against him.

A medical worker who accompanied Shevardnadze to hospital in an ambulance car cited the Georgian leader as saying that the blast "had been engineered by destructive forces seeking to destabilise the situation in the country."

"The blast was targeted personally on me," Shevardnadze added, according to the source.

Experts working at the site of the explosion told ITAR-TASS that according to preliminary data, a bomb had been planted in a Niva car parked outside the parliament building.

Said Conducting Parliament Session

LD2908161795 Moscow INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY in Russian 1550 GMT 29 Aug 95

[FBIS Translated Text] Georgian Defense Ministry spokesman Timur Kovtanadze has told Moscow Echo radio station that Georgian President Eduard Shevardnadze is at this moment present at a session of parliament and conducting a session.

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Extent of Injuries Outlined

LD2908164195 Tbilisi IBERIA in Georgian 1547 GMT 29 Aug 95

[FBIS Translated Text] Tbilisi, 29 Aug — Following today's terrorist attack outside the Georgian Parliament, we have learned that the chief of the head of state's apparatus, Petre Mamradze and Deputy Speaker of Parliament Vakhtang Rcheulishvili were also travelling in the head of state's car. They were slightly injured. Several cars outside Parliament were burned. Windows in buildings within a 100-meter radius of the incident, including windows in Parliament, were broken.

As regards the head of state, his life is not under threat. He suffered injuries to his head and chest and was taken to the surgical ward of the Republican Hospital in Tbilisi. Speaking after the explosion, Shevardnadze condemned the terrorists, who wished to turn Georgia into a country run by mafiosi.

Petre Mamradze said that such an action would be in the interests of those who regard the establishment of peace and order in Georgia as dictatorship.

Discharged From Hospital

LD2908200995 Moscow ITAR-TASS World Service in Russian 1937 GMT 29 Aug 95

[By ITAR-TASS correspondent Tengiz Pachkoriya]

[FBIS Translated Text] Tbilisi, 29 Aug (ITAR-TASS) — Georgian head of state Eduard Shevardnadze has been discharged from hospital and is already at home where his health is being monitored by doctors. This was reported by representatives of the hospital where the Georgian president had been given first aid after the explosion near the parliament.

The state of health of parliament vice speaker Vakhtang Rcheulishvili is also satisfactory. When the blast happened he was in a car together with the head of the Georgian state. Rcheulishvili was slightly injured. Interviewed by Georgian television he said that law would triumph and order would be restored in Georgia.

To Return to Work In 'Next Few Days'

LD2908221695 Moscow ITAR-TASS World Service in Russian 2158 GMT 29 Aug 95

[By ITAR-TASS correspondent Tengiz Pachkoria]

[FBIS Translated Text] Tbilisi, 30 Aug (ITAR-TASS) — Eduard Shevardnadze, head of the Georgian state, will be back at work in the next few days, Georgian Health Minister Avtandil Jorbenadze told journalists here today. Eduard Shevardnadze's state of health is satisfactory, and he has been transferred from the Tbilisi republican hospital to his residence in Tbilisi where he is being monitored by doctors, the minister said.

The Georgian health minister added that Vakhtang Rcheulishvili, vice speaker of the Georgian parliament, as well as several members of the head of the Georgian state's security staff who were injured in the explosion near the parliament are being treated at the Tbilisi republican hospital. A member of the Georgian president's security staff is in very grave but not hopeless condition, Jorbenadze said.

Troops Block All Roads

LD2908223095 Moscow INTERFAX in English 2109 GMT 29 Aug 95

[FBIS Transcribed Text] TBILISI, Aug 29 (INTERFAX) — The Georgian Prosecutor General's Office has launched a criminal investigation of the terrorist attack carried out in front of the Georgian parliament's building Tuesday evening, the office's press center has said.

The investigation is led by Georgia's Prosecutor-General Jamlet Babilashvili.

The explosion of a Niva jeep parked by the parliament building slightly injured Georgian leader Eduard Shevardnadze, who was in his car nearby.

The Georgian Interior Ministry has said that the police and troops have blocked all roads leading out of Tbilisi. The city center is under the control of reinforced patrols. All cars are being checked.

Tanks Reportedly Brought Into Tbilisi

LD2908173695 Moscow ITAR-TASS World Service in Russian 1714 GMT 29 Aug 95

[By ITAR-TASS correspondent Tengiz Pachkoria]

[FBIS Translated Text] Tbilisi, 29 Aug (ITAR-TASS) — Government forces' tanks have been brought into the Georgian capital. At 1900 hours Moscow time [1500 GMT] the ITAR-TASS correspondent observed three tanks maneuvering on Rustaveli Avenue, in direct proximity to the parliament building where a blast thundered at 1740. Then, several minutes later, ten tanks and several armored carriers took up position guarding the TV center (some 1 km from the parliament building). ITAR-TASS managed to learn that the armored vehicles belonged to the internal forces of the Georgian Ministry of Internal Affairs.

From 1920 to 2000 in Tbilisi there was an emergency closed session of the Georgian Cabinet of Ministers. It was held in the government building (800 meters from the parliament building). And since 2100 on the same premises an emergency joint session of the Georgian

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parliament and government has been in progress. There are no details as yet.

Bomb Said To Be Remote Controlled

LD2908183995 Moscow ITAR-TASS World Service in Russian 1741 GMT 29 Aug 95

[By ITAR-TASS correspondent Tengiz Pachkoriya]

[FBIS Translated Text] Tbilisi, 29 Aug (ITAR-TASS) — Speaking this evening at a joint sitting of the members of Georgia's Cabinet of Ministers and the deputies of the republic's parliament, Petre Mamradze, chief of staff of the head of the Georgian state, declared that the powerful explosion on Tuesday evening in the courtyard of the Georgian Parliament had occurred because a remote-control device had been activated. Mamradze voiced the assumption that the device might have been either in the buildings adjacent to the parliament or in one of the rooms inside the parliament building.

Those attending the sitting pointed out that a decision had been adopted to seal off the building of the republic's parliament so that Georgia's law and order bodies could conduct an inquiry and test the various possibilities.

Suspects Arrested, Ammunition Seized

LD3008094195 Moscow Russian Public Television First Channel Network in Russian 0800 GMT 30 Aug 95

[Telephone report by correspondent Georgiy Ratishvili in Tbilisi]

[FBIS Translated Text] An emergency meeting of the parliament is under way this morning. The focus is yesterday's terrorist attack when a powerful explosive device detonated beside Eduard Shevardnadze's car. The deputies describe the incident as an attempted coup d'etat. The chiefs of all the security ministries involved in the investigation are invited to today's session.

According to Igor Georgadze, head of the Security Service, as of 0600 [0200 GMT] this morning, 10 people have been arrested. During the arrest, floor plans for the parliament building and Shevarnadze's residence were seized as well as large amounts of arms and ammunition and anti-government proclamations. Efforts to establish this group's participation in terrorist act is under way.

Meanwhile, police, interior troops, and special services have been reinforced and tanks and other heavy equipment are in place in the city. Tbilisi is calm and, as the deputies and members of the Georgian government are promising, everything possible will be done to prevent any destabilization.

Reportage on Reaction to Assassination Attempt

Prime Minister Comments

LD2908193295 Moscow ITAR-TASS World Service in Russian 1902 GMT 29 Aug 95

[By ITAR-TASS correspondent Tengiz Pachkoriya]

[FBIS Translated Text] Tbilisi, 29 Aug (ITAR-TASS) — In a conversation with journalists, Georgian Prime Minister Otar Patsatsia did not rule out the possibility that a special situation might be instituted in the republic's capital in connection with this evening's explosion in the courtyard of parliament.

Patsatsia pointed out that the Georgian leadership intended to adopt decisive measures, for which Georgia's constitution made provision, in order to establish law and order in Tbilisi and in the state as a whole. He viewed the explosion as a terrorist act aimed both at the head of the Georgian state and at Georgia as a whole.

The closed emergency joint sitting of parliamentary deputies and members of Georgia's cabinet of ministers is still in progress.

Deputy Speaker: No Panic

LD2908221995 Moscow INTERFAX in English 2109 GMT 29 Aug 95

[FBIS Transcribed Text] TBILISI, Aug 29 (INTERFAX) — Vakhtang Rcheulishvili, deputy speaker of the Georgian parliament, said the presidential and parliamentary elections scheduled for November 5 "will take place without fail."

He told INTERFAX Tuesday that today's attempt upon the life of Georgian head of state Eduard Shevardnadze "will not cause the introduction of such emergency measures which would make holding the elections impossible."

"The terrorists' plans to create panic and instability have failed. The country will continue living according to democratic norms and we will not allow any deviations from them," stressed the deputy speaker.

Abkhaz Minister Condemns Blast

LD2908182695 Moscow ITAR-TASS World Service in Russian 1632 GMT 29 Aug 95

[By ITAR-TASS correspondent Anatoliy Yurkin]

[FBIS Translated Text] Moscow, 29 Aug (ITAR-TASS) — The terrorist act in Georgia against the country's supreme leadership has been categorically condemned by Abkhazian Foreign Minister Leonid Lakerbaya. He heads the Abkhazian delegation, which arrived

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in Moscow today for talks on Wednesday with the Georgian side on questions of an Abkhazian settlement.

In a telephone conversation with the ITAR-TASS correspondent, Lakerbaya expressed the opinion that the blast in Georgia's Parliament — as a result of which Eduard Shevardnadze was slightly hurt — "might be aimed at wrecking the talks on a political settlement of the Abkhaz-Georgian conflict."

The head of Abkhazia's delegation announced that "the Abkhazian leadership denounces terrorism as a method of resolving political disputes."

Lakerbaya laid responsibility for the blast "on extremist forces inside Georgia intent on resolving by force problems that should be discussed at the negotiating table."

The foreign minister of Abkhazia stressed that he hoped for a meeting on Wednesday with the Georgian side in Moscow, in order "together with the representatives of Russia and the United Nations to search for ways of resolving difficult problems of an Abkhaz-Georgian peace settlement."

Abkhaz Official: Blast 'Internal Affair'

LD2908184595 Moscow ITAR-TASS in English 1825 GMT 29 Aug 95

[By Irina Shchegoleva]

[FBIS Transcribed Text] SOCHI, August 29 (ITAR-TASS) — Abkhazian Deputy Prime Minister Nuri Gezerdava made a cautious comment on today's explosion in Tbilisi.

In a telephone conversation with ITAR-TASS, Gezerdava said he was "against drawing any parallels," adding that "what happened in Tbilisi is an internal affair of Georgia."

"But then why is this explosion related to us?" Gezerdava asked concluding the conversation.

Germany's Kinkel Sends Condolences

LD2908204895 Moscow ITAR-TASS in English 2031 GMT 29 Aug 95

[By Tengiz Pachkoriya]

[FBIS Transcribed Text] TBILISI, August 29 (ITAR-TASS) — Georgian head of state Eduard Shevardnadze left the hospital, where he was given first aid for minor injury which he got in the explosion near the parliament building today, the hospital's spokesman said.

Shevardnadze is at home and watched by physicians.

Parliament deputy chairman Vakhtang Rcheulishvili, who was accompanying Shevardnadze and mildly injured by the spray of car glass during the explosion, is also doing well.

German Foreign Minister Klaus Kinkel sent a telegram to Shevardnadze today.

Kinkel wished him rapid recovery and expressed indignation over the attempted assassination which Shevardnadze narrowly survived.

The telegram, circulated today by the German Foreign Ministry, says terrorists timed their criminal act with the momentous period of Georgia's adopting a new constitution which must strengthen reforms launched by Shevardnadze.

Kinkel expressed hope that Georgia's reforms would be continued and promised that the German government would give them further support.

Government 'Sharply' Condemns Blast

LD2908220695 Moscow ITAR-TASS World Service in Russian 2141 GMT 29 Aug 95

[By ITAR-TASS correspondent Tengiz Pachkoriya]

[FBIS Translated Text] Tbilisi, 30 Aug (ITAR-TASS) — The parliament and the Cabinet of Ministers of Georgia have sharply condemned the terrorist act — the explosion near the Georgian Parliament during the evening of 29 August. They made statements calling on the republican population to stay calm and said that despite the incident the parliamentary and presidential elections should be held in Georgia as scheduled, in November.

The blast was directed against Eduard Shevardnadze, one of the prominent political figures of our time, the parliament's statement says, inter alia. This action is a grave crime committed in order to thwart the process of stabilization in Georgia, overthrow the state system, and create chaos and confusion in the republic.

Mkhedrioni Leader Assails Action

LD2908221095 Moscow INTERFAX in English 2101 GMT 29 Aug 95

[FBIS Transcribed Text] TBILISI, Aug 29 (INTERFAX) — The leader of Georgia's opposition political organization, Mkhedrioni and parliament member Jaba Ioseliani has condemned Tuesday's assassination attempt against the Georgian leader Eduard Shevardnadze in Tbilisi.

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"I am against Shevardnadze's methods of running the country, but I condemn terrorism. The attackers musts be found and punished," Ioseliani said.

In the meantime, government and parliament are meeting in joint urgent session Tuesday night following the attempt on Shevardnadze's life, the government's press center has said.

The Tbilisi Mayor's office has called a rally in the city center Wednesday in protest against terrorism.

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Estonia

Baltics Concerned Over Changed NATO Plans

WS2808133795 Tallinn BNS in English 1300 GMT 26 Aug 95

[FBIS Transcribed Text] Vilnius/Riga/Tallinn, Aug 26, BNS — The comments in the worlds press referring to the possibility of the Baltic states given places at the end of the line in the case of possible NATO expansion have caused alarm among the Estonian, Latvian and Lithuanian authorities.

In the past few days leaders and prominent politicians of the three Baltic countries have made remarkably vigorous statements, confirming their countries' desire to join NATO and condemning the plans of giving preference to some countries over others in the expansion of that military alliance.

Lithuanian Premier Adolfas Slezevicius underlined Friday [25 August] that Lithuania had expressed its steadfast wish to accede to NATO already last year when President Algirdas Brazauskas sent a letter to that effect to NATO's general secretary. The head of the Lithuanian government also expressed the opinion that the expansion of NATO cannot happen in stages, as the process is not aimed at creating international tension but a stronger security system than before.

Lithuanian Foreign Ministry Chancellor Albinas Januska reacted even more sharply to the press reports, declaring that the Baltic states would never consent to the role of third-rate countries. He described the reports distributed through the medium of Reuter and Der Spiegel, of the West having reportedly changed it former position with regard to NATO's eastward expansion, as unofficial.

"Lithuania, along with the other Central European countries, is actively aspiring for NATO member status," Januska said. "So far no rational argument has been brought to justify Lithuania's classifcation as a third-rate country. If the West recognizes that Russia is showing special interest in Lithuania, a different kind of interest than, for example, Poland, its acceptance by western diplomacy signifies a complete fiasco."

In his words it was difficult to imagine how Denmark, for example, would support the opinion of Baltic states as third-rate countries. Denmark, a NATO member, has so far been one the Baltic states' main partners in U.N. peacekeeping missions and a constant political supporter of Estonia, Latvia and Lithuania.

Estonian President Lennart Meri expressed his concern of the division of new NATO memebrs into groups on Aug. 23, the 56th anniversary of the Molotov-Ribbentrop Pact which ended in a catastrophe for the Baltic states. The Estonian president said he was concerned with some signals that NATO apparently wished to trifurcate NATO accession, giving preference to the Visegrad countries.

"However, there does not seem to exist any proper defense or security policy rationale for the inclusion of some of the Central and Eastern European countries and not others," the Estonian president said. "Determining preference smacks of appeasement, and if it is based on geography follows the same illogic as the use of the term 'near-abroad'."

The Baltic countries dissatisfaction was caused by articles published in the German press in the outgoing week on a step-by-step expansion of NATO and reports received through the medium of Reuter of some western diplomats' opposition to the Baltic states' membersip in NATO.

At the same time the German Foreign Minister, Free Democrat Klaus Kinkel and Honorary Chairman of the Free Democratic Party Count Lambsdorff expressed remarkable support to the Baltic countries' aspirations. The German foreign minister said Germany and the European Union understood their Baltic neighbors' wish to become NATO members and were sending out a warning of the creation of gray security zones.

In Bonn, Lambsdorff recalled Germany's special historical obligations before Estonia, Latvia and Lithuania. In his opinion refusal to heed the Baltic states' desire to acceed to NATO would leave the impression that Estonia, Latvia and Lithuania were being assigned to the Russian sphere of influence.

Instead, Germany should make every effort to avoid creating areas with differing levels of security in Russia's neighborhood, Frankfurter Allgemeine wrote, referring to Count Lambsdorff's words.

NATO's possible expansion will be on the agenda of the NATO Council session on Dec. 5.

President Meri Meets Visiting Indian Minister

LD2908085295 Tallinn Radio Tallinn Network in Estonian 1900 GMT 28 Aug 95

[FBIS Translated Text] Estonian President Lennart Meri received Salman Khursheed, Indian minister of state for external affairs, in Kadriorg [president's residence] this afternoon. They discussed the role of the United Nations in the modern world and the possibilities for advancing cultural exchange and economic ties between India and Estonia. The meeting also discussed Meri's upcoming visit to India.

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Estonian Foreign Minister Riivo Sinijarv and Salman Khursheed today signed a protocol on mutual consultations between the Estonian and Indian Foreign Ministries, the Estonian Telegraph Agency learned from the Foreign Ministry's press service.

According to the press service, it is impossible to exaggerate the friendliness of our relations with India and the importance of India's support for Estonia, both in bilateral relations and at the international level, keeping in mind that India is a member of the UN Human Rights Commission.

Acting Premier Meets Visitor

LD2808135695 Tallinn Radio Tallinn Network in Estonian 1100 GMT 28 Aug 95

[FBIS Translated Text] Edgar Savisaar, the minister of internal affairs and acting prime minister, has received Salman Khursheed, the Indian minister of state for external affairs. The Indian minister is interested in Estonia's economic development. He believes that Estonia would be an interesting market for India, and noted that both the food and light industry, as well as the timber and paper industries, are possible spheres of cooperation between Estonia and India. The Indian minister noted that the Indian pharmaceutical industry is well developed and might be of interest to Estonia in the future.

The Indian delegation also showed interest in the security situation in Estonia and the border issue. In addition to several cooperation agreements which have already been concluded, the concluding of a cooperation agreement dealing with both internal and general security might be discussed between Estonia and India, Khursheed noted.

According to Edgar Savisaar, Estonia is particularly interested in two spheres of cooperation — in the fight against both narcotics and terrorism.

Latvia

Finnish President Arrives for Official Visit

WS2808145295 Tallinn BNS in English 1351 GMT 28 Aug 95

[FBIS Transcribed Text] Riga, Aug 28, BNS — Finnish President Martti Ahtisaari arrived Monday [28 August] in Latvia for a two-day official visit.

The Finnish delegation also comprises Foreign Minister Tarja Kaarina Halonen and Agriculture Minister Maati Kalevi Hemila.

The Finnish President is scheduled to meet with Latvian State President Guntis Ulmanis, Prime Minister Maris Gailis, Saeima (parliament) Chairman Anatolijs Gorbunovs. Several issues of bilateral relations will be discussed, including introduction of a visa-free regime, Finnish assistance to Latvian border guards, cooperation between the interior ministries as well as other projects.

The Finnish and Latvian foreign ministers will sign a protocol on the handover of the historic premises of the Latvian Embassy in Helsinki back to Latvia.

The officials will also speak about cooperation in international organizations and regional safety issues.

The Finnish delegation is expected to tour the Lattelekom company in which Telecom Finland also has a stake through its consortium with the British Cable & Wireless firm.

Ahtisaari was born in 1937. He has worked in the diplomatic service and has been the Finnish ambassador to several African countries. Ahtisaari has also been the state secretary in the Finnish Foreign Ministry. He was elected as the Finnish president on Mar. 1 of 1994.

EU Membership, Trade Issues Viewed

LD2808194895 Helsinki Suomen Yleisradio Network in Finnish 1430 GMT 28 Aug 95

[FBIS Translated Excerpt] Questions concerning membership of the European Union [EU] were high on the agenda today during the first day of Finnish President Martti Ahtisaari's visit to Latvia. Finland has promised to give all the support it can when Latvia seeks full membership of the EU. Ulla-Maija Maeaettaenen reports from Riga.

[Maeaettaenen] [passage omitted] In an interview President Ahtisaari gave to Yleisradio, he said that the visit intensifies cooperation between Finland and Latvia. Latvia currently feels that it is lagging behind in the relations between Finland and the Baltic countries. This is shown by the fact that just under 40 percent of Finland's near-area support is directed to Estonia and only 2 percent to Latvia. The rest goes to the area of St. Petersburg and to Karelia.

Trade between Latvia and Finland is unbalanced: Finland's exports to Latvia are considerably higher than Latvia's exports to Finland. President Ahtisaari believes that the situation will rectify itself soon because Finnish companies' business interest toward Latvia is constantly increasing. [passage omitted]

Visa-free travel was also discussed here in Riga: It will be implemented eventually, but the time is still to be decided. In security policy talks, NATO relations and EU membership were discussed. According to President Ahtisaari, full NATO membership is an internal matter

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of the Baltic countries. The increasing economic well-being of the citizens is more and more a security matter and that is why Finland is supporting Latvia's attempts to become a full member of the EU, Finnish President Martti Ahtisaari said a short time ago at his news conference. This is Ulla-Maija Maesettaenen in Riga.

Finance, Security Discussed

LD2808140695 Riga Radio Riga Network in Latvian 1300 GMT 28 Aug 95

[FBIS Translated Text] Finnish President Martti Ahtisaari, who has arrived in Riga on a visit, today laid flowers at the Monument of Freedom in Riga. Earlier he had talks with the Latvian president. President Guntis Ulmanis said that Latvia hoped to make use of Finland's experience in financial and budget sectors and planned to cooperate in the sphere of agriculture.

The Finnish president, for his part, expressed the hope that his first visit to Latvia would lead to developing the existing ties even further and to widening cooperation between the two countries.

Ulmanis told our correspondent about the talks with Martti Ahtisaari.

[Begin Ulmanis recording] As true Nordic people, we immediately began with problematic issues, and, to avoid any secrecy, touched on three points: finances and budget, agriculture, and security of our states. These are the three issues we will probably be discussing these two days. And I can state we are really not meeting for the first time and are already acquainted quite well with each other to be able to talk about specific problems. [end recording]

Embassy Building Transfered to Latvia

LD2808142695 Riga Radio Riga Network in Latvian 1200 GMT 28 Aug 95

[FBIS Translated Text] The Latvian and Finnish foreign ministers today signed the deed of transferring the Latvian Embassy building in Helsinki to Latvia.

The Latvian Embassy building, or the so-called Villa Rentshelve, are historical premises of the Latvian Embassy in Finland, which Latvia bought in 1936. In 1944 the building passed on into the hands of the former USSR, who occupied the Baltic states.

The transfer deed is the only document signed during Finnish President Martti Ahtisaari's visit to Latvia. There were also talks between the presidents and delegations of the two countries, which were held in Riga Castle.

Joint Press Conference Held

LD2908170095 Moscow ITAR-TASS in English 1349 GMT 29 Aug 95

[FBIS Transcribed Text] RIGA, August 29 (Itar-Tass) — Finland's experience in the European Union will help Latvia become a full-fledged member of that organisation of which the Baltic state is an associated member so far. This was stressed by the leaders of the two countries at a joint press conference here today. They were summing up the results of Finnish President Martti Ahtisaari's visit to Riga which ends on Tuesday evening.

On Monday, President of Latvia Guntis Ulmanis welcomed the guest to Riga and said that for Latvia its entry into the European Union was "inconceivable" without forming "mutually beneficial relations not only with its Western but also Eastern neighbours Russia, Ukraine and Belarus."

"In this respect, too, Finland is a good example for us to follow," the Latvian president said.

Today, responding to questions from journalists the Latvian leader said: "Everything must be done to make our western borders a frontier of cooperation, not confrontation."

Both presidents praised relations between Latvia and Finland, saying that there were no problems between the two countries. During the Riga talks, the two leaders spoke about deeper economic ties and stronger borders. Directly after the visit, both sides will begin to work out terms of visaless exchanges.

On Tuesday, Martti Ahtisaari met specialists in agriculture, the faculty and students of the Latvian Agricultural Academy. Latvia is particularly concerned for the fate of its agriculture in connection with its prospective entry in the European Union.

Along with this, Finland's reluctance to join NATO has not undermined Latvia's desire to join the North Atlantic Alliance. Both presidents agreed that, as Guntis Ulmanis put it, "the historical development of each nation and state determines its choice with respect to NATO."

Foreign Ministry Comments on NATO Prospects

WS2808133095 Tallinn BNS in English 1900 GMT 25 Aug 95

[FBIS Transcribed Text] Riga, Aug 25, BNS — The Latvian Foreign Ministry is not surprised by different viewpoints regarding the Baltic prospects to join NATO, a ministry spokesman told BNS.

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According to Reuter, Western diplomats say there is a growing consensus that the Baltics will not be getting any of the very limited number of new places in the NATO club — primarily because of concern that Moscow would see it as a direct provocation by the West.

The Latvian strategic goal to enter the E.U. and NATO remains unchanged, said spokesman Rihards Mucins.

Mucins claims that Latvian diplomats are constantly negotiating the acceptance issues in head offices of the two blocs.

The ministry will make public its official stance on European security issues next week, said Mucins.

Consular Issues Discussed With Russian Team

LD2908215895 Riga Radio Riga Network in Latvian 2000 GMT 29 Aug 95

[FBIS Translated Excerpt] On Tuesday in Riga talks were concluded between delegations of the Russian Foreign Ministry and the Latvian Foreign Ministry on consular issues. The Latvian working group was led by (?Atis Janitis), deputy secretary of state for judicial and consular issues, and the Russian delegation was represented by (?Satronov), the head of the consular department at the Russian Foreign Ministry, and (?Prikhodko), the head of the Baltic states section. Also taking part in the talks were the Russian consuls in Daugavpils and Liepaja. Further details about the talks themselves, and their results, comes from (?Janitis), the head of the Latvian delegation:

[Begin (?Janitis) recording] During the talks we covered a wide range of issues, such as false identity documents of former USSR citizens, the question of illegal immigration, mutual visits by citizens, mutual visits by noncitizens, visas for our road transport workers. The Latvian side put specific proposals to the Russian side on several issues. As regards the issue of Latvian-Russian border crossings, it will be possible to use former USSR passports. At the same time, during these consultations we discussed the legal details of how to supplement our agreement on travel by noncitizens; as regards identity documents for these young people, we agreed that we will address these questions by way of exchanging notes, and we also agreed that this exchange of notes will take place in the near future. [Word indistinct] that a certain period is necessary for foreign border guards [words indistinct]. That is also a normal [words indistinct] each country will be sent only three specimens of these documents. [passage omitted] [end recording]

It should be added that during the meeting the Latvian side indicated that it is necessary for the relevant Russian services to provide better guarding of the Latvian consuls in Pskov and St. Petersburg. In general the Russian delegation was satisfied with the security that the Latvian authorities provide for Russian diplomatic and consular missions. No precise date was set for the next consultations, but it is assumed that they will be in Moscow.

Lithuania

President, Premier Receive Polish Defense Minister

LD2808155595 Moscow ITAR-TASS in English 1536 GMT 28 Aug 95

[By Vladas Burbulis]

[FBIS Transcribed Text] VILNIUS, August 28 (Itar-Tass) — Poland 's Defence Minister Zbigniew Okonski today arrived for a three-day official visit to Vilnius. On Monday, he held talks with his Lithuanian counterpart Linas Linkevicius and signed with him a protocol on the transfer of arms and equipment to the Lithuanian army, including two combat aircraft for the aviation museum in Aleksotas. Another document signed by the two ministers provides for an exchange of military school cadets.

During the meeting, the two defence ministers discussed, among other things, the formation of a joint Lithuanian-Polish peacekeeping battalion and implementation of the NATO project "Partnership for peace".

The Polish minister was received by President of Lithuania Ceslovas Jursenas [name and title as received], he met with Prime Minister Adolfas Slezevicius and Foreign Minister Povila Gylys.

Cooperation at 'All-Time High'

WS3008105495 Tallinn BNS in English 1357 GMT 29 Aug 95

[FBIS Transcribed Text] Vilnius, Aug 28, BNS — Lithuanian-Polish military cooperation has reached an all-time high, Linas Linkevicius, Lithuanian defense minister, said, generalizing on the evolution of bilateral relations over the past few years.

During a visit of Zbigniew Wojciech Okonski, Polish defense minister, in Vilnius on Monday [28 August], protocols were signed on arms transfer to Lithuania and on the gift of two airplanes for the Aleksotas Aviation Museum in Kaunas.

Linkevicius said that, in accordance with the first protocol, six railroad cars and 18 truckloads of munitions, weapons and military equipment, including mortars and anti-tank granade-launchers and a radar station, have

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already been delivered to Lithuania. Before the end of the year, further shipments, including four combat helicopters, will arrive here.

The monetary value of the gifts was not announced, but Linkevicius said that it was larger than everything else which had been received by the Lithuanian defense ministry as aid from any other country.

Okonski, the Polish defense minister, said at a press conference on Monday that Poland was extremely interested in Lithuania remaining a sovereign power and that aid for its neighbor's defense would strengthen that country's independence.

Okonski also met on Monday with Lithuanian president and prime minister Algirdas Brazauskas and Adolfas Slezevicius.

The Lithuanian and Polish defense ministries, which signed a cooperation treaty several years ago, continue to elaborate new programs, striving not only toward closer mutual relations but also toward attaining NATO membership as soon as possible. Among such projects, mentioned by Linkevicius at the same press conference, were an agreement on use of each other's air space for military flights and establishment of a joint peacekeeping battalion.

The Lithuanian defense minister said that as early as next year Lithuania planned to send its peacekeepers to former Yugoslavia as part of a Polish battalion and that in 1997 a joint peacekeeping battalion would be established.

As reported, Lithuania sent its peacekeepers to Croatia beginning last year as part of a Danish contingent and plans to create a joint Baltic battalion together with Latvian and Estonia forces.

Asked to comment on recent reports in Western media that the Baltic countries are increasingly considered "outsiders" as far as eventual NATO membership is concerned, the Polish defense minister said that there was no competition between candidates for NATO membership and that the acceptance of certain countries would not block the path of others into the Alliance.

Linkevicius in turn repeated the established Lithuanian position that NATO membership could be attained by active participation in the Partnership for Peace program and in international peacekeeping missions.

The Lithuanian defense minister also expressed the hope that closer relations with NATO could be achieved by the creation of a bilateral air control system with Poland.

The Polish defense minister left on Tuesday for the Lithuanian coast where he will visit the Lithuanian navy and meet with its commanders.

On Wednesday Okinski will leave for Tallinn.

Slezevicius: Country Oriented Toward Joining NATO

WS2808133295 Tallinn BNS in English 1900 GMT 25 Aug 95

[FBIS Transcribed Text] Vilnius, Aug 25, BNS — Lithuania is unequivocally in favor of NATO membership for the Baltic states and oriented toward integration into Euroatlantic defense structures, Adolfas Slezevicius, Lithuanian prime minister, said.

The government information center circulated on Friday [25 August] the prime minister's commentary on articles, published recently abroad, which express doubt as to whether the Baltic countries will become members of NATO. "A sceptical mood can also be sensed in the Lithuanian press," the prime minister observed.

Slezevicius stressed that the principle issues of NATO membership for the Baltic countries had been discussed in meetings at the highest level, and Lithuania's position had been outlined by President Algirdas Brazauskas in a letter to the general secretary of NATO at the beginning of 1994.

Slezevicius said that NATO expansion would be discussed at the Alliance's council session on December 5. The prime minister recalled that the report on this question read by the German foreign minister in Bonn on August 23 confirmed that a decision to accept new NATO members as a result of reforms made in Central and Eastern Europe had already been reached.

Slezevicius also quoted the words of U.S. Vice-President Al Gore that there was no preordained order or line for NATO membership.

The prime minister underlined that even after becoming a member of NATO Lithuania would not seek confrontation with any of its neighbors but would strive to expand a zone of stability and security in Europe. This attitude had been appreciated, said Slezevicius, by visiting Western politicians of the highest rank, including Volker Ruhe, the German defense minister, who visited Lithuania this past week.

Landsbergis Comments on NATO Membership

LD2808135895 Vilnius Radio Vilnius Network in Lithuanian 0900 GMT 28 Aug 95

[FBIS Translated Text] Here is Arturas Matuzas reporting from the Seimas news conference held today:

[Matuzas] Vytautas Landsbergis, chairman of the Motherland Union-Lithuanian Conservatives, started his news

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conference with his comments on a statement on good and normal relations with Russia.

According to Vytautas Landsbergis, of late, and especially since the visit of German Defense Minister Volker Ruehe, many various opinions were heard with regard to Lithuania's prospects for joining NATO. According to Vytautas Landsbergis, assertions that Russia would participate in NATO's decisionmaking were increasingly appearing in the press and that Western politicians were advising us more often to improve and normalize our relations with the big neighbor in the East.

According to Landsbergis, these were misbegotten proposals because the entire period of liberation of Lithuania (1989-1991) was an aspiration for normalization of relations and setting up good interstate relations.

The security of one's neighbors, Landsbergis said, has not yet made anyone isolated. With regard to joining NATO, he said a common and active policy of all the Baltic countries is needed, especially on the Partnership for Peace program. Lithuania should not remain passive waiting to see what will happen next.

The statement issued by Landsbergis reads that only after the Russian authorities became convinced that Russia could not take the Baltic states back and rule them, it would normalize relations and give up economic and political pressure. This, no doubt, will be most beneficial to Russia itself; therefore, giving a security guarantee to the Baltic states would be an appropriate step taken by Russia's friends in the West, Landsbergis said.

Split Seen Emerging in Landsbergis' Party

MK2608102295 Moscow SEGODNYA in Russian 25 Aug 95 p 7

[Report by Ivan Palauskas under the "Crisis" rubric: "Lithuanian Conservatives on the Brink of a Split. Vytautas Landsbergis Launches Campaign Against Alyaksandr Lukashenka"]

[FBIS Translated Text] According to reports from competent sources, the Union of the Motherland party under Vytautas Landsbergis has decided to give the Belarusian People's Front financial assistance. Moscow-based informers assert that by so doing the Lithuanian conservatives hope to strengthen the domestic opposition to the Lukashenka regime.

According to the sources, the Union of the Motherland asserts that its activity in Belarus has been approved by the Lithuanian government. This organization appears to be aiming its effort at weakening ties between Belarus and Russia.

Meanwhile, according to reports from Lithuania, a split is looming in Mr. Landsbergis' party. At the beginning of the summer the Union of the Motherland held two meetings in Palanga; at the first of these meetings a number of party leaders, including Mr. Mecis, former Lithuanian security minister, called for Vytautas Landsbergis' resignation because he has "lost his political authority." The second meeting was dominated, accordingly, by loyalists of the former premier [as published; Landsbergis was president and Seimas chairman], who denounced Mr. Mecis for dissent. Observers think that the split in the Union of the Motherland's leadership is attributable to a rise in radical sentiments in the party, which are to a certain extent opposed by Mecis.

Central Bank Head Says System Not in Crisis

WS3008110395 Tallinn BNS in English 1704 GMT 29 Aug 95

[FBIS Transcribed Text] Vilnius, Aug 29, BNS — Banks in Lithuania are in much better shape than those in crisis-ridden Latvia, said Kazys Ratkevicius, director of the administration of the Bank of Lithuania (BL).

The deposits in bankrupt Lithuanian banks amount to only 3 percent of total deposits in all commercial banks, Ratkevicius said Monday, after meeting with Stefan Ingves, deputy director of the central bank of Sweden.

A BL press attache told BNS that the Swedish banker had related the story of how a major banking crisis had recently been averted in Sweden. The central bank, he said, should not work with insolvent banks. Police, state prosecutors, tax inspectors and leading share- holders intervene in such cases, and the central bank should not allow itself to become involved.

Ratkevicius said that for the first time this year an independent audit had been conducted in Lithuanian banks. Banks have been called upon to sign contracts with independent foreign auditing firms, and all commercial banks will have to submit the results of such audits before May 1 of next year. This information is essential to the BL for surveillance of commercial banking activity.

Government Concerned Over Attacks on Businessmen

WS2808132995 Tallinn BNS in English 1900 GMT 25 Aug 95

[FBIS Transcribed Text] Vilnius, Aug 25, BNS — The Lithuanian government announced that the recent wave of terrorist attacks "would be given due attention" and that law officials would insure that such cases are solved and those responsible for them punished.

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In a governmental statement, signed by Adolfas Slezevicius, Lithuanian prime minister, and circulated on Friday [25 August], concern was voiced about recent attacks on businessmen.

Such attacks discredit Lithuania as an independent and democratic government and represent a threat to society and the foundations of government, the statement said. They also testify that those responsible for these crimes are not interested in Lithuania receiving foreign investments or being accepted into "the family of European nations."

The criminals responsible should be regarded as "especially dangerous."

This was not a case of "firecrackers which can be ignored," Slezevicius said.

The newspaper RESPUBLIKA accused the head of state of being unable to halt the rising wave of terror in Lithuania. The newspaper writes that "the explosions of the past weeks (demonstrate) that the newspaper is being blamed for the problems of dirty Democratic Labor Party businessmen and other industrial-financial groups."

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